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1 PROCEEDINGS

2 EXAMINER WOODS: I call for hearing Docket
3 00-0393, Illinois Bell Telephone Company, the
4 proposed implementation of High Frequency Portion of
5 Loop /Line Sharing Service.

6 This cause comes on for hearing October
7 16, 2000, before Donald L. Woods, duly appointed
8 Hearing Examiner, under the authority of the
9 Illinois Commerce Commission. The cause was set
10 today for evidentiary hearings.

11 At this time I'd take the appearances of
12 the parties, please, beginning with the Applicants.

13 MR. BINNIG: Christian F. Binnig and Kara K.
14 Gibney of Mayer, Brown & Platt, 190 South La Salle
15 Street, Chicago, Illinois 60603, appearing on behalf
16 of Ameritech Illinois.

17 MR. PABIAN: Michael S. Pabian, 225 West
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15 MR. BROWN: Also appearing on behalf of Rhythms
16 Links, Inc., Craig Brown, 9100 East Mineral Circle,
17 Englewood, Colorado 80112.

18 EXAMINER WOODS: Any additional appearances?
19 Let the record reflect no response.

20 Mr. Pabian, is this your first appearance
21 in this docket?

22 MR. PABIAN: No.

1 EXAMINER WOODS: Are you licensed in Illinois?

2 MR. PABIAN: Yes.

3 EXAMINER WOODS: It is also my understanding
4 that the parties have agreed on the order of
5 presentation of witnesses in this case.

6 At this time I'd ask any witness who
7 intends to give testimony today or any other day
8 following this hearing to please stand and be sworn.

9 (Whereupon six witnesses were
10 sworn by Examiner Woods.)

11 EXAMINER WOODS: Thank you. You may be seated.

12 It is my understanding that we're going to
13 take Mr. Smallwood first. Is that correct?

14 MR. BINNIG: That's correct, Your Honor. We
15 would call Jim Smallwood to the stand.

16 EXAMINER WOODS: Okay.

17 MR. BINNIG: And are we going to avoid the
18 providing of copies of testimony to the Hearing
19 Examiner?

20 EXAMINER WOODS: Yes. I have asked the parties
21 to please take advantage of the electronic filing
22 system now available at the Commission. To that

1 end, my belief is that the parties have generally
2 agreed that they will identify the testimony by the
3 name of the witness. They will indicate any
4 corrections being made to that testimony. They will
5 then cause those corrections to be made, and the
6 documents will be filed with the Office of the Chief
7 Clerk in PDF format for electronic filing.

8 JAMES R. SMALLWOOD
9 called as a witness on behalf of Ameritech Illinois,
10 having been first duly sworn, was examined and
11 testified as follows:

12 DIRECT EXAMINATION

13 BY MR. BINNIG:

14 Q. Mr. Smallwood, could you state your full
15 name and business address for the record, please?

16 THE WITNESS:

17 A. My name is James R. Smallwood. My
18 business address is 38-X-8, One Bell Center,
19 St. Louis, Missouri 63101.

20 Q. And I'd like to first call your attention
21 to a document that is marked for identification as
22 Ameritech Illinois Exhibit 4.0 entitled the Direct

1 Testimony of James R. Smallwood. It consists of 17
2 pages of typed questions and answers and exhibits
3 JRS-1 through JRS-4. Do you have that document?

4 A. Yes, I do.

5 Q. And is this document your direct testimony
6 in this proceeding?

7 A. Yes, it is.

8 Q. Was this document prepared under your
9 direction or supervision?

10 A. Yes, it was.

11 Q. Do you have any changes or additions you
12 would like to make to this testimony at this time?

13 A. Yes, I have two changes. The first change
14 appears on page 12, line 14, and in that line the
15 word "bridged" as part of bridged taps has a capital
16 D on the end. That should be changed to a lower
17 case d.

18 And on page 13, line 2, I would replace
19 Ameritech Illinois' with SBC's, SBC apostrophe s.
20 So the sentence would read: "The cost organization
21 worked with SBC's network organization to identify
22 the work groups involved in performing loop

1 conditioning work activities."

2 Q. With those corrections, Mr. Smallwood, if
3 I were to ask you the questions that appear in the
4 typed question and answer section of the Ameritech
5 Illinois Exhibit 4.0 today, would your answers be
6 the same as reflected in that exhibit?

7 A. Yes, they would.

8 Q. And turning to the schedules, JRS-1
9 through JRS-4, do these schedules accurately reflect
10 what they purport to reflect?

11 A. Yes, they do.

12 Q. Let's move now to your rebuttal testimony
13 that's been marked for identification as Ameritech
14 Illinois Exhibit 4.1, and there's both a proprietary
15 version and a public version. Is that correct?

16 A. Yes.

17 Q. And Exhibit 4.1 consists of 22 pages of
18 typed questions and answers for the public version
19 -- or for the proprietary version and 20 pages of
20 typed questions and answers for the public version.
21 Is that correct?

22 A. Yes.

1 Q. And it also has attached to it Exhibits
2 JRS-5 through 7 of which two exhibits, JRS-6 and
3 JRS-7, are proprietary exhibits. Is that correct?

4 A. That's correct.

5 Q. Okay. Turning to the question and answer
6 portion of Exhibit 4.1, both the public versions and
7 the proprietary version, was this prepared under
8 your direction or supervision?

9 A. Yes, it was.

10 Q. Do you have any additions or corrections
11 to this portion of Exhibit 4.1?

12 A. No, I do not.

13 Q. And do the schedules, JRS-5 through JRS-7,
14 do they accurately reflect what they purport to
15 reflect?

16 A. Yes, they do.

17 Q. And I'd like for you to finally turn to
18 Ameritech Illinois Exhibit 4.2 which is identified
19 as the Surrebuttal Testimony of James R. Smallwood
20 consisting of four pages of typed questions and
21 answers. Do you have that?

22 A. Yes.

1 Q. Is that your surrebuttal testimony in this
2 proceeding?

3 A. Yes, it is.

4 Q. Was it prepared by you or under your
5 direction and supervision?

6 A. Yes, it was.

7 Q. Do you have any additions or corrections
8 to make to Ameritech Illinois Exhibit 4.2?

9 A. No, I do not.

10 Q. If I were to ask you the questions that
11 appear in Ameritech Illinois Exhibit 4.2 today,
12 would your answers be the same as reflected in the
13 exhibit?

14 A. Yes, they would.

15 MR. BINNIG: Your Honor, we would move for the
16 admission of Ameritech Illinois Exhibits 4.0, 4.1,
17 and 4.1P for proprietary, Exhibit 4.2 and the
18 attached Schedules JRS-1 through JRS-7, and I would
19 point out that JRS-6 and JRS-7 are proprietary
20 schedules.

21 EXAMINER WOODS: And only the rebuttal testimony
22 had the proprietary version.

1 MR. BINNIG: Correct, Your Honor.

2 EXAMINER WOODS: Objections?

3 MR. BOWEN: No objections, Your Honor.

4 EXAMINER WOODS: It is my understanding that
5 these documents will be transmitted to the Office of
6 the Chief Clerk electronically. Upon receipt, they
7 will be admitted into evidence.

8 (Upon receipt, Ameritech
9 Exhibits 4.0, 4.1, 4.1P, and
10 4.2 will be received into
11 evidence.)

12 EXAMINER WOODS: The witness is available for
13 cross.

14 MR. BINNIG: Your Honor, just one preliminary
15 thing.

16 One of the things that we tried to
17 accomplish last week and we were partly successful
18 but not completely was getting an estimate of
19 cross-examination. I don't know if you would find
20 it valuable to ask for an estimate now, but I
21 certainly would.

22 EXAMINER WOODS: Ask.

1 MR. BOWEN: I just have a few questions, Chris.

2 MR. BINNIG: Is there a note pad that goes with
3 that as well?

4 MS. HIGHTMAN: This is the intro.

5 MR. BINNIG: I was going to say.

6 MR. BOWEN: My guess is that if Mr. Smallwood
7 gives his usual responsive, brief answers, we should
8 be done, from our perspective, in, you know, an
9 hourish.

10 MR. BINNIG: Okay.

11 MR. BOWEN: Maybe an hour and a half.

12 MR. SCHIFMAN: I have some questions.

13 MS. HAMILL: I don't.

14 MR. BINNIG: Matt?

15 MR. HARVEY: A couple or three, at most.

16 EXAMINER WOODS: Batter up.

17 MR. BOWEN: Okay. I guess I'll begin, if that's
18 okay, Your Honor.

19 CROSS EXAMINATION

20 BY MR. BOWEN:

21 Q. Good morning, Mr. Smallwood. Nice to see
22 you again.

1 A. Good morning.

2 Q. Just for the record, I'm Steve Bowen. I
3 have some questions for you on behalf of Rhythms
4 Links, Inc.

5 First of all, just generally, I want to
6 get your understanding correct on the record about
7 what's happened with the Eighth Circuit decision,
8 again, not a lawyer's understanding, but just your
9 understanding as a cost analyst.

10 Is it your understanding that the Eighth
11 Circuit took an action which at the time had the
12 effect of vacating certain FCC rules concerning
13 costing approaches?

14 A. Yes.

15 Q. Can we use the term TELRIC in this case to
16 mean total element long-run incremental costs?

17 A. Yes.

18 Q. Okay. Do you know whether or not the
19 Eighth Circuit order vacating the FCC TELRIC rules
20 has been stayed or not by the Supreme Court?

21 A. It's my understanding that it has.

22 Q. Okay. So is the effect of that that at

1 least for now the FCC's TELRIC rules are still in
2 effect, again, not looking for a legal conclusion
3 but from your understanding as a costing witness?

4 A. I think that's a legal question. I don't
5 know that I can answer that.

6 MR. BINNIG: And I will stipulate -- I think
7 that it is purely legal. I will stipulate that what
8 has occurred is that the FCC has stayed a portion of
9 its mandate, a mandate that vacated 505(b)(1) of the
10 FCC's rules, and it has issued the remainder of its
11 mandate. The Eighth Circuit; if I said the FCC, I
12 meant the Eighth Circuit.

13 MR. BOWEN: Okay.

14 EXAMINER WOODS: Can we get a copy of the
15 mandate as issued?

16 MR. BINNIG: The partial mandate?

17 EXAMINER WOODS: Yes.

18 MR. BINNIG: As soon as we get one, we would be
19 happy to provide it to you.

20 EXAMINER WOODS: Whatever eventually comes out
21 of the Eighth Circuit, I would like to see it.

22 MR. PABIAN: Okay.

1 MR. BOWEN:

2 Q. Well, again, I want to stay away from
3 legalities. I just want to talk about costs with
4 you today. Haven't you approached your cost
5 analysis for this case using the FCC's definition of
6 TELRIC as your touchstone?

7 A. Yes.

8 Q. So are you comfortable using the term
9 TELRIC as we talk about forward-looking economic
10 costs in this case?

11 A. Yes.

12 Q. All right. Now, you have a number of
13 different areas that you cover concerning costs, but
14 there's one area I didn't see covered in any of your
15 testimonies, so I wanted to ask you about that, and
16 that's loop makeup information. I didn't see any --
17 I did see in the tariff a proposal for a manual loop
18 makeup information work effort of \$1.98, and I saw
19 next to mechanized loop makeup information TBD,
20 which I think means to be determined. Did I see
21 those things correctly?

22 A. That's my recollection of that proposed

1 tariff, yes.

2 Q. But I didn't see anything in any of your
3 materials that supports either the \$1.98 or speaks
4 at all to the mechanized version of loop makeup
5 information. Did I miss something in your filing?

6 A. No, you did not. I have not submitted
7 anything with regards to loop qualification or loop
8 makeup information.

9 Q. Okay. And I think we asked you in Data
10 Request 77 about that, plus some more types of cost
11 studies, and I think the response that the company
12 or you gave was that no loop qualification study
13 exists. Is that still accurate?

14 A. I'm not aware that any have been completed
15 in the intervening period.

16 Q. But that is accurate therefore as of today
17 that you have no loop qual cost study, loop
18 qualification cost study?

19 A. It's my understanding that we do not for
20 Ameritech Illinois.

21 Q. Okay. All right. Well, did the pricing
22 witness in this case ask you for any input in

1 deciding upon the \$1.98 manual proposed rate for
2 loop makeup information?

3 A. It's my understanding that that rate was
4 based on sort of a time and material study, looking
5 at a per minute charge, and I was not asked to
6 provide that.

7 Q. Well, you're the costing witness, aren't
8 you?

9 A. Yes, I am.

10 Q. Okay. So who else would have done costing
11 work besides you in this case?

12 A. No one. I think that that \$1.98 rate was
13 based on a cost that had previously been developed
14 and was relied upon in the pricing proposal, but I
15 wasn't asked to submit it as a part of this
16 proceeding. Rather, it was taken from previous cost
17 work that had been done.

18 Q. In Illinois?

19 A. Yes.

20 Q. Okay. But you have no role in any way in
21 sponsoring what became the \$1.98 recommendation for
22 pricing. Is that right?

1 A. I have not sponsored that, no.

2 Q. Okay. Did you have any role in submitting
3 anything which led to the TBD for the mechanized
4 loop makeup information entry?

5 A. No.

6 Q. Okay. Let's talk about splitter costs,
7 and, in particular, just so the record is clear,
8 there's a debate, is there not, between you on
9 behalf of Ameritech Illinois and Ms. Murray and
10 Mr. Riolo on behalf of Rhythms about whether you
11 should -- whether it's appropriate to use factors in
12 determining what the investment cost is for the
13 splitter? Is that fair?

14 A. Yes.

15 Q. Okay. In other words, you have a piece of
16 equipment, a splitter, that has a -- when you buy
17 it, that's a capital cost. Right?

18 A. Yes.

19 Q. But then you have to put it in a rack and
20 hook it up. Right?

21 A. To make it an operational part of the
22 network, yes.

1 Q. Okay. And is it the putting it in and
2 hooking it up work effort what you talk about you're
3 trying to capture with the use of your factors?

4 A. Well, you have to be specific on the
5 factor that you're referring to. There's an
6 in-plant factor that captures the work effort that
7 you are describing.

8 Q. Okay. Well, are there different factors
9 that apply to the initial installation of the
10 splitter chassis than apply to the installation of
11 the splitter cards?

12 A. Yes.

13 Q. And both of those components you need a
14 chassis, which is the box you plug the cards into.
15 Right?

16 A. Correct.

17 Q. And you need the cards to plug into the
18 chassis.

19 A. Correct.

20 Q. And do you have the same or different
21 factors you're suggesting for each of those two
22 different capital investments?

1 A. They are different. The distincti on I was
2 making was between the in-plant factors and the
3 annual charge factors, just to be clear.

4 Q. Okay. Now, just for the record, what do
5 you mean by in-plant factors versus annual charge
6 factors?

7 A. In-plant factors are used to take material
8 costs and capture those installation activities that
9 you referred to, and so to take that material cost
10 and convert it into a total installed investment.

11 An annual charge factor is to take a cost
12 and -- or a unit investment and convert that into an
13 annual cost.

14 Q. Okay. And is it common to talk about
15 combining the materials cost and the associated
16 costs to install as EF&I or engineered, furnished
17 and installed costs?

18 A. Yes.

19 Q. So am I correct the dispute between
20 Rhythms and Ameritech about splitter costs is on the
21 EF&I side rather than the annual charge factor side?

22 A. That's correct.

1 Q. All right. Have you ever seen a splitter
2 installed yourself, Mr. Smallwood?

3 A. Watched the process of that installation?

4 Q. Yes.

5 A. No, I have not.

6 Q. Okay. Do you know whether -- how long it
7 takes to install the chassis, the shelf that these
8 cards plug into?

9 A. That has not been a subject of study for
10 me, no.

11 Q. Okay. So you wouldn't know if it would
12 take five minutes or a couple of days. You have no
13 opinion on that?

14 A. No, I do not.

15 Q. Okay. What have you done to try and
16 validate the use of your factors as applied to the
17 material costs of the splitters?

18 A. Well, the factor approach is an approach
19 that is standard for our cost studies. That
20 approach has been used in numerous cost studies in
21 numerous proceedings and has been validated in that
22 respect in a regulatory fashion that it's an

1 appropriate way to capture the installation costs
2 associated with the grouping of circuit equipment,
3 in this case digital circuit equipment, and so
4 that's a standard approach that we use, and it has
5 been validated in that respect.

6 In terms of the splitter costs in
7 particular, we haven't tried to go back, and, as
8 I've said, I haven't watched them install one or
9 haven't measured that time, so I haven't looked at
10 an actual installation and tried to compare that to
11 the results of a factor-based approach. The
12 factor-based approach is used on a broad array of
13 equipment and is a standard way of capturing those
14 costs.

15 Q. I recognize that's your position, but you
16 haven't done anything in particular to validate the
17 use of this factor as being accurate as applied to
18 splitter installations, have you?

19 A. I believe I just answered that. I haven't
20 done a comparison, no.

21 Q. Okay. Isn't it true that -- well, you say
22 circuit equipment. How many different categories of

1 equipment do you recall the company keeping in terms
2 of creating these factors? Is it a couple? Is it
3 20 or 30 or 50?

4 A. I believe there's numerous ones. This is,
5 in particular, a 357C factor. There's 57C, 257C,
6 77C. There's a lot of different accounts out there.

7 Q. Well, are there a lot or are they like six
8 or seven?

9 A. I don't recall off the top of my head.

10 Q. Actually, would you accept that there are
11 nine different accounts that you track for the plant
12 factors?

13 A. If that's what was provided to you in
14 discovery, then I would say that that's an accurate
15 representation, yes.

16 Q. But you don't know just sitting here what
17 the number is?

18 A. I don't recall a count or making a count
19 in particular.

20 (Whereupon Rhythms Cross
21 Smallwood Exhibit 1 was marked
22 for identification.)

1 MR. BINNIG: Your Honor, I would note that the
2 attachment is marked proprietary, so I would ask
3 that the exhibit go in as a proprietary cross
4 exhibit, and if there's going to be questions that I
5 think ask for the witness to reveal specific
6 information and numbers in response, we may want to
7 go in camera. I don't know if Mr. Bowen anticipates
8 those kind of answers or not.

9 MR. BOWEN: Well, I think, Your Honor, as
10 before, I will try to stay on the open record, and I
11 will try to ask questions that avoid leading the
12 witness to speak to a specific number. My
13 understanding is that the words on these pages
14 aren't confidential. It's simply the numerical
15 values that are. Is that right? In other words,
16 it's no secret that Account 57C is analog circuit
17 equipment.

18 MR. BINNIG: I think that's correct.

19 MR. BOWEN: Okay. Let's try it. I think we can
20 probably stay on the open record on this.

21 Q. Mr. Smallwood, do you have what's been
22 marked as Rhythms Cross Exhibit Smallwood 1?

1 A. Yes, I do.

2 Q. Okay. Do you recognize this as the
3 document you were describing that addresses the
4 so-called in-plant factors you referenced before?

5 A. Yes.

6 Q. Okay. Is this what you used in your cost
7 analysis, this document?

8 A. There were factors that are found in this
9 document that were used in the cost analysis, yes.

10 Q. Okay. All right. Let's turn back to --
11 well, before we turn back to any page, did you use
12 the accounts that deal with circuit equipment in
13 your analysis?

14 A. Digital circuit equipment.

15 Q. Digital circuit equipment?

16 A. Yes.

17 Q. Okay. And that is which of these account
18 series?

19 A. 357C.

20 Q. 357C. Okay. All right.

21 Now give me an idea, if you know, what
22 kinds of equipment are deemed to be digital circuit

1 equipment. First of all, is this equipment that's
2 in a central office?

3 A. Yes.

4 Q. Can it be in the field?

5 A. I would have to go back and look at an
6 accounts manual.

7 Q. You don't know.

8 A. Not without referring to the manual.

9 Q. Well, do you know whether it could be, for
10 example, digital loop carrier equipment located in
11 remote terminals?

12 A. No, I believe that digital loop carrier
13 equipment follows under a different in-plant factor.

14 Q. Okay. But it certainly includes at least
15 some equipment that is located in the central
16 offices, correct?

17 A. Yes.

18 Q. Okay. Give me an example of what kinds of
19 equipment, if you know, are included in that
20 subaccount, or that account.

21 A. Subject to check, going back and looking
22 at it, I would think that, for example, a

1 multiplexer that's located in the central office
2 would be in that account.

3 Q. Okay. What else can you think of that
4 would be in that account?

5 A. Off the top of my head, Mr. Bowen, I don't
6 know. Digital circuit equipment, and I couldn't
7 give you an itemized listing without looking at the
8 accounts manual.

9 Q. What about -- do you know what a DCS is?

10 A. A digital cross-connect I believe.

11 Q. Right. Is that in there?

12 A. I don't know without looking at the
13 manual.

14 Q. How about a DSX? Do you know what that
15 is?

16 A. It's my recollection that a DSX is also a
17 digital cross-connect.

18 Q. Okay. Do you know if that's in there?

19 A. Again, without looking at the manual, I
20 couldn't give you an itemized listing of all of the
21 equipment that's in there.

22 Q. Well, I just want you to give me a list of

1 whatever you can recall beyond what you've already
2 said is in that account manual.

3 A. As a cost expert, I'm not necessarily
4 familiar with how all of the equipment gets
5 categorized. We make a determination when we do the
6 cost study, for example, confer with network to find
7 out where a particular piece of equipment would be
8 booked. In this case the splitter is 357C. There's
9 a whole variety of digital circuit equipment in the
10 central office that would fall into that category.
11 Some of the other technical witnesses, Ms.
12 Schlackman or Mr. Lube, might be able to speak to
13 that, but that's really outside of my area of
14 expertise, knowing every classification.

15 Q. Well, isn't the core of dispute between
16 Ameritech and Rhythms on this point that you're
17 saying it's okay to apply this factor and we're
18 saying it's not?

19 A. That's correct.

20 Q. Okay. And you're saying it's okay to
21 apply it because -- it captures accurately because
22 it's a factor -- it captures the relevant EF&I costs

1 accurately because the things that happen in this
2 category will also happen to splitters. Isn't that
3 the genesis or the core of your argument?

4 A. The methodology for that factor is to look
5 at the equipment that's booked to that account and
6 to get a ratio that results in a factor of the total
7 installed costs to the material costs to get --

8 Q. I know how factors work.

9 A. Right. So the application is to say that
10 if you take a category of equipment, digital circuit
11 equipment, which a splitter falls into, how much on
12 average do we spend in total installed costs as a
13 ratio to material costs, and that's what we've done
14 here, and that assessment is reflective of the
15 typical amount of dollars that are required to
16 install a piece of digital circuit equipment.

17 Q. I understand how the math works and
18 figuring out factors, Mr. Smallwood. I'm trying to
19 get you to address, well, for example, wouldn't you
20 agree that it would be completely inappropriate to
21 apply the 67C radio system account factors to
22 splitters?

1 A. Yes.

2 Q. Why would that be completely
3 inappropriate?

4 A. Because that equipment is not booked to
5 that account.

6 Q. It has nothing to do -- the installation
7 of radio equipment has nothing to do with
8 installation of splitters. Right? That's the
9 reason, right?

10 A. Well, no, I wouldn't say that. I mean
11 there could be similarities in installing equipment
12 in different accounts. There could be a similarity
13 in some of the installation activities that occur in
14 a 257C account for analog circuit equipment as
15 opposed to 357C for digital circuit equipment.
16 There could be some similarities, but the logic in
17 the analysis is that groupings of a particular
18 account of equipment, and because that's how we
19 track our dollars so it lends itself well to that,
20 is an appropriate way to measure the installation
21 activities. So if we look at all of the
22 installation costs for a particular type of

1 equipment, we have a way to say -- we can develop
2 that ratio and get an idea of what the installation
3 costs for that particular piece -- for that
4 particular category of equipment. To say that
5 because different equipment is in a different
6 account, the installation is completely different I
7 don't think would be a logical conclusion, but we
8 don't track our dollars that way, so we couldn't
9 compare digital circuit equipment directly to analog
10 circuit equipment.

11 Q. Are you saying that when you buy a
12 splitter and you figure out -- well, you know what
13 the materials cost of the splitter is itself,
14 correct?

15 A. Correct.

16 Q. Because you're buying it from Secor or
17 somebody, right?

18 A. From a vendor, yes.

19 Q. Okay. When you capitalize that, do you
20 take the materials cost, add on your factor, and use
21 that as your capitalized amount on the books?

22 A. I'm sorry. Could you say that again?

1 Q. Look at the factor for 357C. That's the
2 one you're saying is relevant here, right?

3 A. Yes.

4 Q. Okay. When you book that splitter
5 investment, do you book it as the materials cost
6 times the factor we see on this page? Is that what
7 you book on your books for the capital cost of that?

8 A. I'm not an accountant, but I wouldn't
9 think that that's the way that that takes place.

10 Q. No. That's not what you do, is it? You
11 don't book the factors that you have on these pages,
12 do you?

13 A. No, we do not.

14 Q. Okay.

15 Well, isn't there some notion that has to
16 work here that for a factor to be accurate, it's got
17 to bear some reasonable relationship to the work
18 effort required to put a particular piece of
19 equipment in? Isn't that the basic logic here?

20 A. Yes, and I think that it does. Again, I
21 could restate it again, but we've captured the
22 relationship between the total cost of installing a

1 grouping of equipment, which a splitter is a part
2 of, to the material cost, and from that we develop a
3 ratio, and that ratio gives us an idea of the
4 averaged installation costs associated with a
5 splitter. The splitter could be below that, it
6 could be above that, because the factor is an
7 average.

8 Q. Okay. Well, isn't it correct that --
9 let's see. The issue date of these factors is
10 November '99. Is that correct?

11 A. That's correct.

12 Q. Okay. And that predates the actual
13 installation of any splitters at all. Isn't that
14 right?

15 A. I don't know when the first splitters were
16 installed, stand-alone splitters.

17 Q. Well, wasn't the line sharing order of the
18 FCC issued in November of '99?

19 A. I think it was -- well, the release date
20 was December 9th of 1999.

21 Q. Isn't it fair to say that you didn't
22 install any splitters until the year 2000, after

1 this study was created?

2 A. Well, it's my understanding that AADS
3 prior to the line sharing order was not engaging in
4 line sharing, so whether or not other -- I'm not
5 aware that any other CLECs were, so that may be the
6 case for Ameritech Illinois.

7 Q. I'm talking about Ameritech Illinois -
8 installed splitters.

9 A. Right.

10 Q. Not somebody else's. Isn't it fair to say
11 that Ameritech didn't install any splitters until
12 sometime in the year 2000?

13 A. Again, that may be the case. I'm not
14 aware of a particular date that an installation
15 occurred.

16 Q. All right.

17 Could you just -- again, without referring
18 to actual numbers, if you look through this factor
19 printout here, you can see a number of spots where
20 there are checks and cross-throughs and there's some
21 handwritten notes and so forth. Are these -- are
22 what we see on these pages your notes,

1 Mr. Smallwood, or your notations on here?

2 A. No, they are not.

3 Q. Okay. Can you walk us through and explain
4 what's happening with these cross-throughs?

5 A. I didn't make them so I'm not sure who did
6 or why they did. I can't answer that.

7 Q. Well, the data response cover says copies
8 of your supporting workpapers are attached, and this
9 is what we got, so these are the supporting
10 workpapers, right?

11 A. That's correct.

12 Q. But they're not your supporting
13 workpapers.

14 A. I didn't personally perform the study, so.
15 I direct the production of the studies. Why a
16 particular cost analyst or someone in the factors
17 group may have gone through and circled certain
18 things or checked certain things, maybe they're
19 going back and checking their math against the
20 inputs, I don't know. I could only speculate, but
21 since I didn't make the marks, I can't explain why
22 they were made.

1 Q. Well, were you directing the person who
2 was doing this analysis?

3 A. Well, in general I do. I didn't
4 specifically direct them to go through and make
5 marks on these sheets.

6 Q. Okay. Well, if you were doing this
7 directly yourself, since you testified you haven't
8 done it yourself directly, which of the numbers in
9 this would you use?

10 A. For the cost study that we've presented
11 here?

12 Q. Right. In other words, which of these
13 pages would we look at to decide whether what you
14 did put in your summary sheets was accurate and
15 complete?

16 A. Well, if you go to the third page in this
17 package, you would see a listing of the factors.

18 Q. I have that.

19 A. And we used the 357C factors off of this
20 page, which are the fourth line item in both the
21 plug-in other costs and the hardwire costs sections.

22 Q. Okay.

1 A. The calculation of those factors are shown
2 again --

3 Q. Well, let's go back two pages from there
4 as an example.

5 A. What page?

6 Q. Page 2, the ones that's landscape instead
7 of portrait.

8 A. The second landscape page?

9 Q. Yes.

10 A. Yes.

11 Q. Do you see at the lower right -hand corner
12 the designation 357C?

13 A. Yes, I do.

14 Q. Okay. Is this the kind of number that
15 would be used, in part, to roll up into one of the
16 factors?

17 A. Yes.

18 Q. Okay. Now, can you tell me -- well, let
19 me just ask this. It looks to me what's happening
20 here is that you're averaging or totalling three
21 different years' worth of materials costs. Is that
22 accurate?

1 A. That's correct.

2 Q. Why does this approach do that? Why do
3 you use three years of materials costs as opposed to
4 the most recent year? Do you know?

5 A. To get an average over time so that one
6 year in particular that may not have been
7 representative is -- we average it to get a more
8 accurate picture I guess.

9 Q. And what's the effect of that averaging if
10 the unit prices of circuit equipment are decreasing
11 over time?

12 A. If the unit -- well, if you want to assume
13 -- I mean you would have to make some assumption
14 about how you treat the installation costs I think.
15 So if you're asking me if you hold that constant, is
16 that -- how do you want to treat the total installed
17 costs? Because the material cost is a component of
18 that.

19 Q. Let me ask it this way. This is suppose
20 to be used to support a forward-looking TELRIC
21 compliant study. Correct?

22 A. That's correct.

1 Q. Okay. And you're using historical data to
2 do that, right, since you show here, for example,
3 1996, 1997, 1998 in your factor analysis, right?

4 A. That's correct, and generally in
5 forecasting the best predictor of what's going to
6 happen tomorrow is what's happened in the recent
7 time period.

8 Q. Right. So the question is how recent is
9 the right number to use, right? And you're saying
10 it's three years. Actually you're saying it's a
11 three-year period that began two years ago. Right?

12 A. Those are the 1999 in-plant factors, so at
13 the time that these factors were done, and I believe
14 the issue date was November of '99, 1998 data would
15 have been the most recent full year that we had.

16 Q. Okay.

17 A. So come the end of this year, if and when
18 these factors are updated, then they would be
19 reflective of a three-year average with the period
20 beginning in '99 and working backward from there.

21 Q. Okay. And just, again, so the record is
22 clear, the page three pages into the exhibit that

1 has the factors summarized.

2 A. Yes.

3 Q. There's two different factors. One is for
4 plug-in other costs. Did you apply that factor to
5 the plug-in cards on the splitter?

6 A. Yes.

7 Q. And the one that says for hardwire costs,
8 did you apply that to the splitter chassis?

9 A. Yes.

10 Q. Okay.

11 All right. Let's talk about tie cables.
12 I know it's one of your favorite topics.

13 A. Okay.

14 Q. Now your study assumes that you need -- I
15 want to talk about intermediate distribution frames,
16 there or not there.

17 A. Okay.

18 Q. Or IDFs, if I can use that term.

19 A. Okay.

20 Q. Your study assumes some percentage of the
21 time there will be a need for an IDF. Is that
22 right?

1 A. That's correct.

2 Q. And you're using 80 percent. Right?

3 A. That's correct.

4 Q. Now the IDF is a frame that's separate
5 from the MDF, main distribution frame, right?

6 A. Yes.

7 Q. And so what you're assuming here when
8 there is an IDF present is pairs come in from the
9 field, they hook to the MDF, they then get hooked
10 from there across to the IDF, and then from there to
11 some splitter. Is that right?

12 A. Well, in a technical sense, I think that
13 those lines coming in from the outside plant
14 terminate on the MDF. From the MDF there are tie
15 cables that are available to carry circuits. It's
16 not necessarily that every circuit coming in on the
17 MDF will then have an appearance at the IDF. For
18 example, voice circuits that come in that are being
19 cross-connected to an Ameritech Illinois switch
20 would simply be cross-connected across the frame and
21 would never go to the IDF.

22 Q. Oh, it's just our circuits that go to the

1 IDF then, right?

2 A. No, there's a variety of circuits.
3 Central office equipment generally makes an
4 appearance at the IDF to allow the MDF just to be
5 used to terminate lines.

6 Q. By CO equipment, central office equipment,
7 you mean a switch, right? For a voice service.

8 A. Generally the loops and the switch ports
9 are terminated at the MDF. Other equipment in the
10 line-up is going to be at the IDF.

11 Q. Okay. But only 80 percent of the time on
12 a forward-looking basis by your estimation. Right?

13 A. That's correct.

14 Q. Well, what happens -- well, let me back
15 up.

16 Am I correct that -- well, strike that. I
17 want to talk about the 80 percent assumption for a
18 minute.

19 This is your assertion of what the
20 forward- looking percentage of IDFs will be in
21 Illinois. Isn't that right?

22 A. Yes.

1 Q. Okay. And when there are IDFs, then you
2 capture what you think the relevant cost of tie
3 cables is. Is that right?

4 A. That's correct.

5 Q. And if there aren't any IDFs, then your
6 study shows zero monthly recurring costs for tie
7 cables. Right?

8 A. The --

9 Q. The incremental to line sharing.

10 A. Well, just so we're clear, the end study
11 result is a weighted average.

12 Q. I understand. I want to split it apart.

13 A. So when you get into the calculation
14 section, yes, that's correct. For those offices
15 that on a forward-looking basis will not have an
16 IDF, then there are no tie cables necessary to carry
17 circuits from the MDF to the IDF.

18 Q. Okay. Now, this 80 percent number you're
19 assuming here, Mr. Smallwood, isn't that the number
20 that SBC assumes in all the states that it does this
21 kind of analysis in?

22 A. That is the assumption for the Ameritech

1 states.

2 Q. Did you hear my question correctly? I
3 said --

4 A. Maybe not.

5 Q. -- isn't 80 percent the number that you
6 use across the 13-state region?

7 A. No, it is not.

8 Q. Okay. Have you ever used it anywhere
9 else, like say Texas?

10 A. No.

11 Q. Okay. Only in Illinois. Only Ameritech;
12 I'm sorry.

13 A. That's correct.

14 Q. Okay. What did you use in Texas?

15 A. 100 percent.

16 Q. 100 percent. And what did you use in the
17 Pacific Bell region?

18 A. I don't recall.

19 Q. Okay. Well, how is it that you have a
20 single company, SBC, that has, you know, two
21 different forward-looking assumptions about IDF
22 presence in two different regions?

1 A. I think -- well, I think that you would
2 need to ask one of the technical witnesses. That's
3 an input provided by network, and you might ask them
4 how that would occur. I can imagine that it might
5 occur because of differences in densities, projected
6 growth in wire center lines, the density of lines
7 per wire center, that might result in that. It
8 could be the fact because historically Illinois Bell
9 engineered some of -- and Ameritech on the whole
10 engineered some of its offices differently, and so
11 on a forward-going basis, when we look at how
12 congestion is going to impact the networks and what
13 were formerly two different operating companies, it
14 could be different, but I'm not an engineer so I
15 don't know, you know, technically why that would
16 occur. I can only speculate.

17 Q. Okay. Well, you were in the Texas case,
18 right?

19 A. Yes.

20 Q. As a witness?

21 A. In the previous arbitration down there,
22 yes.

1 Q. Right, and wasn't GTE/Verizon a party to
2 that case too?

3 A. Yes, they were.

4 Q. And you heard them testify, did you not,
5 that they don't use any IDFs in Texas?

6 A. I don't recall that specifically, but,
7 subject to check, I would take your word for it.

8 Q. Okay. Well, how can it be that one ILEC
9 says 100 percent is the right number, another one
10 says zero is the right number? How can they both be
11 efficient configurations?

12 A. Again, I'm not an engineer, and I don't
13 engineer the network, so you might ask one of the
14 network witnesses, but different policies about how
15 you engineer the network would be the general answer
16 that I would give.

17 Q. Okay. Well, isn't it correct that right
18 now in Illinois there are 60 percent of the offices
19 that have IDFs?

20 A. I recall seeing that number, yes.

21 Q. Okay. That was provided in a data
22 response to us, was it not?

1 A. Yes, I believe it was.

2 Q. Okay. Do you know on what basis you
3 concluded that the current number wasn't right and
4 it should be 80 percent instead?

5 A. The basis was the fact that a number of
6 offices are reaching a level of frame exhaust and
7 will have IDFs installed in the near future, and
8 that's where they expect to be on a forward-looking
9 basis.

10 Q. Who made that decision? Was that you or
11 somebody else, to go from the current actual 60
12 percent presence of IDFs to the projected number of
13 80 percent?

14 A. It was the network organization that made
15 that determination.

16 Q. So you had no input into that? You just
17 took their number?

18 A. That's correct.

19 Q. Okay. So I should ask Mr. Lube or
20 Ms. Schlackman that question do you think?

21 A. Ms. Schlackman would know that.

22 Q. Okay. All right.

1 Well, I thought that SBC was adding a lot
2 of fiber-driven loops via Project Pronto. Isn't
3 that right?

4 A. That's my understanding, yes.

5 Q. Okay. And do you understand it to be the
6 case that under some conditions, loops that are
7 copper right now that come into the MDF will be
8 re-homed onto the fiber-fed Project Pronto
9 architecture?

10 A. It's my understanding, and Mr. Lube could
11 speak to the Project Pronto issues better than I,
12 but it's my understanding that Project Pronto is an
13 overlay network and that the placement of fiber does
14 not indicate the removal of copper. So when you say
15 that some of those lines that terminate on the MDF
16 will be replaced with fiber, there may be some
17 shifting of traffic, but it's not my understanding
18 that there necessarily will be that elimination of
19 copper at the frame.

20 Q. All right. Well, we'll talk to Mr. Lube
21 in more detail about that, but I'm just trying to
22 get your understanding from a costing perspective

1 because it's your job to capture forward-looking
2 assumptions. Right?

3 A. That's correct.

4 Q. Okay. Do you have any opinion about
5 whether or not the terminations of copper on MDFs,
6 given Project Pronto, have peaked or not?

7 A. Given my understanding of Project Pronto
8 and what it's designed to do, I would say that the
9 answer is probably no.

10 Q. Okay. Why would that be? What other new
11 copper growth do you foresee on the MDF?

12 A. Project Pronto, and, again, Mr. Lube is
13 the expert that's here to represent that, but my
14 understanding from reading the literature released
15 on Project Pronto is that it's designed to extend
16 the reach of DSL services to people that heretofore
17 have not been able to avail themselves of those
18 services because of the distance limitations, and so
19 inasmuch as you're looking at urban areas or any
20 area that's in the immediate vicinity of a wire
21 center, if they were to extend service out to, for
22 example, a business park that's 5,000 feet from the

1 central office, it's my understanding that that
2 would still be copper.

3 Q. Okay. But I think you said -- I heard you
4 say frame exhaust awhile back. That's the driving
5 factor, if I understand your answer correctly,
6 that's the driving factor that would cause an IDF
7 placement, is that the MDF will become exhausted.
8 Is that right?

9 A. I think that's one of the significant
10 factors. I think there are other issues about how
11 the equipment in the central office can be managed
12 to accommodate -- best accommodate growth and ease
13 of provisioning and, you know, a variety of other
14 factors that engineers have to worry about, but
15 that's certainly a key factor.

16 Q. Okay. Well, if it turns out that the
17 Commission finds that somebody else's estimate of
18 MDF growth and exhaustion is more accurate and
19 therefore that there is no need for additional IDFs
20 to be placed, then 80 percent is the wrong number,
21 and the current number would be more accurate.
22 Isn't that right?

1 A. I suppose if the Commission wanted to
2 order a different percentage to be used in the cost
3 study, then that would be within their purview. We
4 believe that the proper number to use in the cost
5 study is what's reflected in that cost study.

6 Q. Okay.

7 All right. Let's talk about OSS charges.

8 A. Okay.

9 Q. Again, so the record is clear, you're
10 proposing a cost per -- a cost recovery per line of
11 what per month?

12 A. The cost study reports --

13 Q. Is it a secret number?

14 A. Well, these pages are marked as
15 confidential in the study.

16 Q. Well, it's going to be a rate, isn't it?

17 A. Yes, it is.

18 Q. And if you back out the shared and common
19 cost factors, you know what the number is, right?

20 A. I would assume that one could do that
21 math.

22 Q. And so what's the number?

1 A. It's --

2 MR. BINNIG: I think the shared and common costs

3 numbers may also be confidential. I don't know if

4 that's on the public record anywhere or not.

5 MS. HAMILL: No, it's not.

6 MR. BOWEN: No, it's not.

7 MS. HAMILL: It's publicly ordered.

8 MR. BINNIG: Is it in the order?

9 THE WITNESS: No, it's not.

10 MR. BINNIG: I don't think it is in the order.

11 MR. BOWEN: Well, okay.

12 Q. Give me a page number and point me to the

13 number for the record, but don't tell me the number.

14 A. If you go to Schedule JRS-2.

15 Q. Hold on; one second. I'm there.

16 A. Tab 5 in the upper right-hand corner.

17 Q. Okay. The number under the column Cost

18 Per Ordered Line next to the row that says HFPL OSS

19 modification charge?

20 A. That's correct.

21 Q. Now that says charge. Is that a cost or

22 is that a charge?

1 A. That's a cost.

2 Q. Okay. And that gets rolled up with other
3 factors or -- I guess factors is okay -- to become
4 the price that somebody is suggesting. Is that
5 right?

6 A. Marked up by the shared and common costs,
7 yes.

8 Q. Okay. So we can't say this number, but I
9 want you to keep that number in mind. Okay?

10 A. Okay.

11 MR. BINNIG: We can say it, Steve, just not in
12 public.

13 MR. BOWEN: I don't want to go on the closed
14 record.

15 Q. So Schedule JRS-2, Tab 5, that number.
16 All right.

17 Now, you are -- we have been through this
18 once before, or at least once before, haven't we,
19 Mr. Smallwood, whether or not your number is a good
20 number or not?

21 A. Yes, I believe we've had some discussion
22 about that.

1 Q. All right. Now, you've got some more
2 evidence this time, right, that you didn't have last
3 time you did this?

4 A. I submitted some additional papers with my
5 rebuttal testimony.

6 Q. Yeah.

7 A. That related to this cost.

8 Q. Yeah. Is that this JRS-5 stuff?

9 A. Schedules 5, 6, and 7, yes.

10 Q. Okay. Okay. Well, let's go back to
11 JRS-5.

12 A. Okay.

13 Q. I take it this is a portion of this
14 document. Is that right?

15 A. That's correct, yes.

16 Q. Okay. It looks like a cover page and a
17 second page and then a page of data, page 18 of
18 data. Right?

19 A. That's correct.

20 Q. All right. Now this document that's
21 JRS-5, that's not an SBC-generated document. Is
22 that right?

1 A. No, it is not.

2 Q. It's done by Morgan Stanley Dean Witter?

3 A. Yes.

4 Q. Are Morgan Stanley Dean Witter DSL
5 experts?

6 A. It would be my guess that Morgan Stanley
7 Dean Witter have DSL experts on staff.

8 Q. Okay. So they know more than you do about
9 the DSL business, right?

10 A. It all depends on what perspective you
11 take that from.

12 Q. Well, how about trying to figure out the
13 volumes of line-shared orders over which to spread
14 your OSS costs? They know more than you do about
15 that, right?

16 A. I would imagine that somebody at Morgan
17 Stanley knows more about industry forecasts than I
18 do because my job responsibilities don't involve me
19 in developing industry forecasts.

20 Q. Well, I didn't mean you personally,
21 Mr. Smallwood. I mean you as a representative of
22 corporate Ameritech. You must believe that the

1 Morgan Stanley Dean Witter knows more about
2 line-shared DSL forecasts than the totality of
3 knowledge within SBC. Isn't that fair?

4 A. I wouldn't make that assumption.

5 Q. Well, you used the document.

6 A. The product management organization used
7 this document as the basis to develop a demand
8 forecast of SBC DSL lines, and so they made the
9 determination that they would use this as the
10 starting point for their demand forecast
11 development.

12 Q. Okay. Well, what's the date you see on
13 page 2? Isn't that August 11th of 1999?

14 A. Yes, it is.

15 Q. Okay. I hope we can agree that that was
16 before the FCC even issued the line sharing order?

17 A. Yes, it was.

18 Q. And what we're trying to do here in this
19 OSS recovery is estimate take rates by CLECs per
20 line shared orders. Right?

21 A. That's the exercise, yes.

22 Q. Okay. Do you see on the data page, page

1 18, do you see the note at the bottom there that
2 I'll read for the record? "This memorandum is based
3 on information available to the public."

4 A. Yes, I see that.

5 Q. That would mean that they didn't have any
6 information concerning any forecasts that CLECs
7 might have given to SBC during the course of rolling
8 out line sharing. Isn't that right?

9 A. I would assume that they would not have
10 access to that unless the CLEC community provided
11 them that.

12 Q. Okay, and then they wouldn't have any
13 access to the information that your pros from Dover
14 inside SBC about forecasting take rates would have,
15 would they?

16 A. I wouldn't be aware of any time that the
17 company shared that data, no.

18 Q. Okay. So what do you think they had
19 available to them to make these numbers?

20 MR. BINNIG: I'll object. It calls for
21 speculation.

22 MR. BOWEN: All right. I'll withdraw it.

1 Q. Do you know what the basis for these
2 numbers are, Mr. Smallwood?

3 A. I do not know what Morgan Stanley Dean
4 Witter analysts used as their data inputs, no.

5 Q. Okay. Well, your company has spoken on
6 DSL take rates directly to the market, has it not?

7 A. I believe that they've released numbers,
8 yes.

9 Q. Okay. Hasn't SBC told investors on Wall
10 Street what it expected to be the take rates for DSL
11 services?

12 A. I have seen numbers, again, and I'm sure
13 that they've released them to the analysts on Wall
14 Street.

15 Q. Okay. You've read the investor briefing,
16 for example, that SBC issued in October of 1999?

17 A. A few times, yes.

18 Q. Okay. Do you understand it to be SBC's
19 obligation to be truthful and accurate in its
20 disclosures to Wall Street and to investors?

21 A. Yes, I do.

22 Q. Well, those numbers are different that SBC

1 estimated as take rates for DSL than these numbers,
2 aren't they?

3 A. I'm sure that there are some differences,
4 yes.

5 Q. Aren't they higher than these numbers?

6 A. They may be. I think the point is that --

7 Q. There's not a pending question,

8 Mr. Smallwood. Are the numbers higher or not?

9 A. I don't recall specifically.

10 Q. Let's assume that they are higher, the
11 numbers that SBC is telling investors, pursuant to
12 SEC accuracy disclosure requirements, are higher
13 than the number that Morgan Stanley Dean Witter
14 established from public data in 1999. All right?
15 Can you assume that with me?

16 A. I can make that assumption.

17 Q. Okay. Can you tell me why you didn't use
18 the numbers that your company is telling Wall Street
19 as the basis for your calculation?

20 A. Again, I didn't use these numbers
21 directly. They were used by the product management
22 organization, and in explaining why they chose to do

1 that as opposed to using internally generated
2 numbers I can only speculate, but my guess would be
3 that they chose to use a publicly available source
4 from a reputable and well known firm so that they
5 could minimize dispute about forecasts. That would
6 be my guess.

7 I mean if it were me doing the analysis
8 and, you know, I had to make that decision and there
9 was something publicly available by a well known
10 firm that I could use, then I might choose to use
11 that, but, again, that's speculation on my part as
12 to why they chose to do it.

13 Q. Well, you have supplied a lot of
14 information in this case which is deemed company
15 confidential, but you did that because you thought
16 it was accurate. Right?

17 A. Yes.

18 Q. Okay. But here you're speculating that
19 somebody used information which was public to avoid
20 controversy over confidential data. Is that your
21 testimony?

22 A. I was speculating.

1 Q. Okay.

2 A. And, again, I don't know why product
3 management chose to use these numbers as their
4 starting point. You would have to ask someone in
5 product management.

6 Q. And do we have any witness from product
7 management that's lined up on deck here? Do you
8 know?

9 A. I believe Ms. Chapman is a representative
10 of the product management organization.

11 Q. Okay. All right. Well, if the use of
12 higher take rate numbers from SBC's own
13 announcements to Wall Street had been used, wouldn't
14 that result in a lower monthly cost calculation,
15 other things being equal?

16 A. In general, if you had a higher forecast
17 over the same period and you took the present value
18 of that, then, yes, that present value figure would
19 be higher.

20 Q. Okay.

21 Now, you're also using I guess a
22 three-year period over which to amortize the number

1 I can't say worth of OSS upgrade costs?

2 A. That's correct.

3 Q. Okay. Who chose that number?

4 A. That was a product management number as
5 well.

6 Q. Okay. Well, what do you think the useful
7 life of the OSS upgrade is that you're paying the
8 number I can't say for?

9 A. I have no idea.

10 Q. You have no idea?

11 A. Well, I think that no one does because
12 it's going to be based in large part I think on the
13 technological developments that occur in the market
14 over the next several years. You know, this
15 particular system is put in place to facilitate line
16 sharing over wireline plant, and whether or not that
17 will be the chosen preferred method of CLECs in the
18 future that are providing that I can't say for sure.
19 I mean, obviously, technology is changing in a
20 relatively rapid rate.

21 Q. No, I'm trying to focus on what the useful
22 life is of the software upgrade that supports line

1 sharing might be. Did you ask anybody that
2 question?

3 A. Again, I think the useful life --

4 Q. No. Did you ask anybody that question?

5 A. No. The input that was given was to
6 amortize it over a three-year period, and that's
7 what we reflected in the cost study.

8 Q. Okay. Who gave you that input?

9 A. Product management.

10 Q. Anybody in particular that you can recall?

11 A. I don't recall who specifically provided
12 that number, no.

13 Q. Okay. Well, I'm getting the sense here
14 that all you're doing is basically running a big
15 spreadsheet. Is that right or not? I mean you're
16 taking inputs from people and you don't even seem to
17 question them.

18 A. No, I don't think that's the case. When
19 we talk to product management, when the analyst
20 talks to product management in the process of
21 gathering inputs to complete a cost study, they need
22 to make sure that they understand why those inputs

1 are being used or how they're to be used, but it's
2 not a cost expert's role to, for example, challenge
3 a network witness on what piece of equipment they
4 chose. As a cost expert, I rely on other experts in
5 the field to provide that information. It's the
6 same thing with product management. Product
7 management is in the business of developing
8 forecasts and determining cost recovery periods, and
9 that's what they do, and so that was the input that
10 was provided to us.

11 Q. Okay.

12 Okay. Let's talk about the shared cost
13 factor. That's something that the company
14 recommends applying to tie cable costs, for example.
15 Right? Strike that.

16 You do a calculation of monthly recurring
17 tie cable costs, of which the company recommends the
18 Commission apply a shared cost factor. Is that
19 right?

20 A. The shared and common cost factors to --

21 Q. I'm going to get to the common, but there
22 is a separate shared cost factor from common cost

1 factor, right?

2 A. That's correct.

3 Q. Is either of those numbers public?

4 A. I am not sure. I know that they're not in
5 the TELRIC order.

6 Q. Not even the common cost factor.

7 A. It's my recollection that there were
8 adjustments ordered in the TELRIC order to be
9 implemented, but the final end result number did not
10 appear.

11 Q. All right. Let's just use some
12 hypothetical numbers then. Okay?

13 A. Okay.

14 Q. Let's say that the shared cost number is
15 25 percent, just for talking purposes. Okay?

16 A. Okay.

17 Q. And that the common cost number is 10
18 percent, just for talking purposes.

19 A. Okay.

20 Q. So we can differentiate the two by those
21 values. If you have a shared cost factor of 25
22 percent hypothetically, what's that suppose to

1 cover? What kinds of costs?

2 A. An example of shared cost might be product
3 management employees or personnel who administer the
4 products would be one example.

5 Q. Okay. Now how does product management
6 administer the installation of tie cables?

7 A. They don't administer the installation of
8 tie cables, but they manage the rate elements. They
9 manage the product offering, defining that product
10 offering, setting the rates for that product
11 offering, negotiating on that product offering.
12 There's a variety of functions that they perform
13 that are not directly related to placing the tie
14 cables or any of that sort of thing.

15 Q. All right. What other work effort do you
16 know, and, again, I'm looking for your knowledge,
17 not speculation, do you know are encompassed by the
18 shared cost factor besides product management?

19 A. Off the top of my head, I don't know that
20 I recall specifically. I mean shared costs are
21 representative of costs that are shared among
22 multiple services but less than the entire subset of

1 services offered by the firm. There could be some
2 engineering shared costs.

3 Q. Again, I'm asking for what you know, not
4 what might be the case. Can you think of any other
5 besides product management?

6 A. I haven't looked at that calculation in
7 awhile. I don't recall.

8 Q. Okay. And common costs I take it are
9 costs which are common to all of the services and
10 products offered by the company. Is that right?

11 A. Right.

12 Q. Okay. Let's talk about conditioning.

13 A. Okay.

14 Q. Let me start by I hope getting you to
15 agree that it would be wrong to treat competitors
16 differently than you treat yourself for the use of
17 outside plant. Is that fair?

18 A. I think we're under an obligation to treat
19 all competitors on a nondiscriminatory basis.

20 Q. Okay. And if my client were to compete
21 with Ameritech, your answer would be the same; that
22 it would be wrong for Ameritech to treat itself

1 differently or better than it treats Rhythms in
2 terms of the use of the plant. Is that right?

3 A. Well, in terms of the product offerings
4 that I'm aware of, I think that it would be
5 correctly said that it would be wrong for Ameritech
6 Illinois to discriminate -- to favor AADS over
7 Rhythms.

8 Q. I understand that's your -- you answered
9 that question last time. I'm saying if Rhythms
10 competes directly with Ameritech, it also would be
11 wrong for Ameritech to discriminate against Rhythms.
12 Is that right?

13 MR. BINNIG: By Ameritech, are we talking about
14 Ameritech Illinois specifically?

15 MR. BOWEN: Yes. Sorry.

16 Q. That would be wrong, wouldn't it?

17 MR. BINNIG: I guess at this point I'll object
18 to the relevance of this question. The legal
19 obligations of the '96 Act are what they are, and I
20 don't know what the relevance of Mr. Smallwood's
21 opinion on this is.

22 MR. BOWEN: I'll wait for a ruling, Your Honor.

1 EXAMINER WOODS: Sustained.

2 MR. BOWEN: Okay.

3 Q. All right. Let's look at -- you have
4 heard of ISDN, have you not?

5 A. I'm sorry?

6 Q. You've heard of IDSN, have you not ?

7 A. Yes, I have.

8 Q. Do you know what that is?

9 A. It's a digital service.

10 Q. Okay. Do you know what ISDN stands for,
11 besides I still don't need it?

12 (Laughter)

13 A. Strangely enough right now, I can't
14 recall. Integrated services digital network or
15 something like that.

16 Q. There you go. All right.

17 Your Honor, let me ask that you mark as
18 Rhythms Smallwood Cross Exhibit Number 2 a document
19 I'm passing out right now.

20 (Whereupon Rhythms Cross
21 Smallwood Exhibit 2 was marked
22 for identification.)

1 MR. BOWEN: I'll describe it for the record,
2 Your Honor. As Rhythms Cross Smallwood Exhibit
3 Number 2, we've ask you to mark the company's
4 response to our Data Request No. 121. It consists
5 of a cover sheet and a 17-page document entitled
6 ISDN - Basic Rate Access OSP Design and
7 Implementation. I'll note that this is -- at least
8 -- I guess all the pages are marked as proprietary
9 and confidential, and again, my hope is that we can
10 stay on the open record here. I don't plan to talk
11 about any cost numbers.

12 Q. Do you have that, Mr. Smallwood?

13 A. Yes, I do.

14 Q. Okay. Let me ask you to turn to page 8 of
15 that document, number 8 at the bottom.

16 A. I'm there.

17 Q. Okay. Now that you're there, I want to
18 talk about our contention that it's a good idea to
19 condition or deload 50 pairs at a time or 25 pairs
20 at a time, and your contention is that's not a good
21 idea.

22 A. Okay.

1 Q. Not your personal contention, but
2 Ameritech's through Ms. Schlackman and your
3 capturing of that in your cost analysis. Okay?

4 A. Okay.

5 Q. So it's the 50 versus 1 discussion I want
6 to have with you. All right?

7 Look with me at page 8 of this document,
8 please, and look at Section 5.4.1, item number 2.
9 Do you see that?

10 A. Yes, I do.

11 Q. It says "If loaded, unload all eight (8)
12 spare pairs." Do you see that?

13 A. Yes, I do.

14 Q. Okay. Now that plant and guideline or
15 Ameritech practice for ISDN is not one at a time, is
16 it?

17 A. No.

18 Q. It's eight at a time.

19 MR. BINNIG: Your Honor, at this point I will
20 object. I was waiting for the question. I don't
21 think this is relevant. I don't think it has been
22 established that ISDN service is in any way

1 comparable to DSL service. ISDN service is not the
2 subject of this proceeding, and, in fact, ISDN
3 service is not a line shared service, so I'll object
4 to the relevance of the question.

5 MR. BOWEN: Well, Your Honor, our contention is
6 that, in effect, it is efficient engineering
7 practice to deload more than one pair at a time as a
8 general matter, and, in fact, we say it's 50. They
9 say it's 1, and so it is entirely relevant to prove
10 in that, in fact, Ameritech itself under conditions
11 where it wants to offer a retail service that
12 requires conditioning doesn't do it one at a time.
13 In fact, they do it eight at a time, so I think it's
14 entirely relevant to prove in that their number is
15 wrong and ours is right.

16 MS. HIGHTMAN: And I'd just add one other thing
17 that Mr. Bowen probably doesn't know. In the
18 special construction charge generic case the
19 Commission did compare the provision of ISDN service
20 to the provision of loops -- on the issue of
21 conditioning the question of conditioning of ISDN
22 service versus loops for the provision of other DSL

1 services, so the Commission has compared those two.

2 MR. BINNIG: Not for pricing purposes they
3 haven't.

4 MS. HIGHTMAN: For the pricing of conditioning
5 they have.

6 MR. BINNIG: That is not correct. The only
7 thing they adopted in that proceeding in terms of
8 pricing were the interim Texas rates.

9 MS. HIGHTMAN: The point is the Commission
10 indicated when it compared Ameritech's conduct with
11 regard to its retail customers and the issue of
12 whether it charges those retail customers for
13 conditioning looked at Ameritech's provision of ISDN
14 service and compared that to the provision by
15 Ameritech of loops to CLECs and whether it charged
16 the CLECs for conditioning of the loops.

17 EXAMINER WOODS: The objection goes to weight,
18 not admissibility. You can continue.

19 MR. BOWEN: Okay.

20 Q. I forgot the question, Mr. Smallwood.
21 Maybe you didn't. I'm going to reask it anyway.

22 A. That would be good.

1 Q. Isn't it correct that when it comes to
2 ISDN, that the practice is not to do it one at a
3 time but instead to do it eight at a time? That is
4 to deload eight pairs at a time?

5 A. That's what -- that's the way this
6 document reads.

7 Q. Okay. Now, do you know anything at all
8 about whether the demand that was projected for ISDN
9 take rates was anything like the demand that is not
10 projected for DSL services?

11 A. Just to clarify, the projected take rates
12 for ISDN versus DSL?

13 Q. Right.

14 A. I don't remember making any sort of
15 comparison specifically, no.

16 Q. Okay. Well, isn't it a fact that the ISDN
17 actual take rates are far below your projections of
18 DSL take rates?

19 A. Given my superficial knowledge of that, I
20 would agree to that.

21 Q. Okay.

22 A. Just given the press.

1 Q. All right. Okay.

2 (Whereupon Rhythms Cross
3 Smallwood Exhibit 3 was marked
4 for identification.)

5 MR. BOWEN: Your Honor, Rhythms would request
6 that you mark as Rhythms Cross Smallwood 3 the
7 company's response to Rhythms Data Request No. 80
8 which consists of a cover page and -- well, the
9 pages aren't numbered sequentially, but it's
10 approximately 30 pages of information. The title of
11 the first page is Loop Deployment and Guidelines .
12 I'll indicate for the record that this document
13 carries a proprietary stamp.

14 EXAMINER WOODS: Okay.

15 MR. BOWEN:

16 Q. Still on the conditioning topic,
17 Mr. Smallwood, let me try again, for the record, to
18 characterize the dispute between your company and my
19 client about conditioning. Is it fair to say that
20 we say that there shouldn't be load coils, there
21 shouldn't be excessive bridged taps, and you say
22 that we should take things as we find them and pay

1 for the removal and you're figuring the cost of
2 those removals of any of these devices that we find
3 on the plant that we're using? Is that a fair way
4 to characterize the difference?

5 A. I think I would characterize it as -- I
6 think we all agree that these devices are in place
7 today. The FCC has said repeatedly that we have to
8 condition loops for CLECs and that we're entitled to
9 recover those conditioning charges, and my
10 understanding of your position or your client's
11 position is that it's inappropriate for them to have
12 to pay for that, and they've made that position or
13 presented that position at the FCC and in numerous
14 other state proceedings.

15 Q. Okay. We're saying that you should do it
16 under good engineering practices and not charge us
17 for it, and you're saying you're willing to do it,
18 but you want to charge us for it. Right?

19 A. Well, I think there's two different things
20 there. Good engineering practices, you know, if you
21 can look at them today, I think, you know, my read
22 of it or my take on it is what you're asking is for

1 the Commission to ignore the FCC's findings and do
2 some sort of retroactive prudency review to
3 determine whether or not we should have done
4 something in say 1980 or 1982.

5 Q. Prudency review, that sounds like a
6 regulatory policy witness testimony, not a costing
7 guy, Mr. Smallwood. I just want to stick to the
8 costing principles here. Okay? I want to know what
9 you looked at to decide that you were going to
10 recover the cost for removing load coils and bridged
11 taps and those other interfering devices. Could you
12 pick up with me exhibit Rhythms Cross Smallwood 3?
13 Have you seen this document before, Mr. Smallwood?

14 A. Yes, I've seen this before.

15 Q. Okay.

16 A. I don't believe I've read it word for
17 word, but I've seen it in passing across my desk.

18 Q. Okay. Well, you've seen it passing across
19 your desk. I need to understand that more. What
20 does that mean?

21 A. Well, it's put on my desk, and I go
22 through papers, and then it gets filed off my desk,

1 so it's passed through.

2 Q. Did it stop briefly in front of your eyes
3 and did you kind of look through it a little bit?

4 A. Oh, they all do.

5 Q. Okay. Well, did you use it in doing the
6 cost analysis?

7 A. I didn't reference this document
8 specifically in doing the cost analysis, no.

9 Q. All right, but did you -- in glancing
10 through it, did anything stick out of that review
11 that made you form an impression on how to do a cost
12 analysis?

13 A. No.

14 Q. No? Okay. Well, let's read a couple of
15 the words in here with more than a cursory glance.
16 Can you turn to Section 3, please? The pages aren't
17 sequential, but it's on a page almost to the end,
18 and it's on page 2 of Section 3.

19 A. Okay. I'm there.

20 Q. Do you have that?

21 A. Yes, I do.

22 Q. Okay. All right. And this is in the

1 Transmission Planning section of this Loop
2 Deployment Policies and Guidelines. Correct?

3 A. That's the title, yes.

4 Q. Do you understand this document to be a
5 document that the outside plant engineers are
6 suppose to use in deploying outside plant?

7 A. I would assume that this is something that
8 they reference in engineering the plant.

9 Q. Okay.

10 A. Engineering loops in particular, but I've
11 never worked as an engineer, so how they do their
12 job on a day-to-day basis I'm not sure.

13 Q. Well, it looks pretty official, right? I
14 mean the title indicates it's Loop Deployment
15 Policies and Guidelines, right?

16 A. That is the title, yes.

17 Q. Let's look at page 2 of Section 3, and do
18 you see subsection B there that says that for POTS
19 in urban and suburban areas, limit bridged tap to a
20 maximum of 2.5 kilofeet with no single tap greater
21 than 2,000 feet?

22 A. Yes, I see that sentence.

1 Q. And how did you reflect this policy and
2 guideline in your cost study?

3 A. Let me just explain. I think that it's
4 not reflected, and that's because the cost study is
5 not there to capture some sort of loop deployment
6 guideline. The study is there to estimate the work
7 activities and the costs associated with those work
8 activities, more specifically, for going out and
9 removing these devices from the network, and that
10 comports with the FCC's findings that we can charge
11 for removing those devices. So I don't -- again, I
12 didn't specifically consider this document or this
13 document was not considered in the development of
14 the cost study.

15 Q. Okay. Well, if you were doing a
16 forward-looking study, wouldn't this be a good
17 source of a guideline for you to go look at and
18 consider and integrate on a forward-looking basis?

19 A. For particular purposes for --

20 Q. For bridged tap, for example.

21 A. If we were looking at a forward-looking
22 loop study, then, you know, we might come to this.

1 I think that the FCC has said explicitly that
2 bridged taps, load coils, and repeaters should not
3 appear on loops less than 18,000 feet.
4 Nevertheless, they're there, and we're entitled to
5 recover our costs in removing them on your client's
6 behalf or any other CLEC's. So that's the guideline
7 that we used in developing the study, and it doesn't
8 necessarily -- isn't directly comparable to this
9 loop planning guideline.

10 Q. Okay. Now you said you're not a lawyer.
11 Right?

12 A. I'm not.

13 Q. Okay.

14 A. I don't know that I said that today.

15 Q. I want to leave the FCC order out of this
16 entirely and just talk about costing principle. Can
17 you do that with me?

18 A. Sure.

19 Q. Okay. If you wanted to do a
20 forward-looking study of the amount of bridged tap
21 that's appropriate to recognize, wouldn't this be a
22 good source as a guideline for that?

1 MR. BINNIG: I'll object to the vagueness of the
2 question.

3 MR. BOWEN: I think the question is quite clear,
4 Your Honor.

5 MR. BINNIG: Recognize bridged tap for what
6 purpose?

7 MR. BOWEN: For figuring out the maximum amount
8 of bridged tap to assume in a forward-looking study.

9 MR. BINNIG: Again, forward-looking study of
10 what?

11 MR. BOWEN: Of the loops.

12 MR. BINNIG: So a cost study for loops as
13 opposed to a conditioning cost study? I mean --

14 MR. BOWEN: I thought we were going to try to
15 finish in four days, Your Honor. I mean this is
16 pretty obviously directly tied into whether or not
17 it's appropriate to charge my client and others like
18 them for conditioning loops to be used for line
19 sharing, and what I'm trying to establish is whether
20 or not this witness will agree that on a
21 forward-looking basis these would be the guidelines
22 for bridged tap or not.

1 EXAMINER WOODS: And I guess that's where I have
2 my problem is asking him if it wouldn't be a good
3 idea to look at this. I think it's entirely
4 appropriate to ask him if he made any forecast of
5 how much bridged tap there is in a system that's
6 going to have to be removed. I think that's a
7 simple question he can answer yes or no.

8 Did you? Did you, Mr. Smallwood? Did you
9 or anybody that was presenting you with figures
10 attempt to estimate how much the actual bridged tap
11 was that was going to have to be removed in the
12 entire system that you're pricing up or that you're
13 costing out? I'm sorry.

14 THE WITNESS: No, Your Honor. The exercise was
15 to develop a cost for -- if we have to go out and
16 remove bridged tap, how much does it cost to do
17 that.

18 EXAMINER WOODS: To do that, right.

19 THE WITNESS: But not a projection of how much
20 is in the system.

21 EXAMINER WOODS: But as I understand it, you
22 didn't. I think that's the answer. They did not

1 look at and attempt to project how often that would
2 happen or how much is in the system.

3 MR. BOWEN: Okay.

4 Q. Would you look at the first bullet
5 underneath that sentence I just read you,
6 Mr. Smallwood, and I'll read it for the record. It
7 says "Reduce BT", which I think means bridged tap,
8 "by cutting off the primary and secondary pairs at
9 each distribution terminal (new plant construction
10 or rearrangements)." Do you see that?

11 A. Yes, I do see that.

12 Q. Did you try and reflect that instruction
13 in your study in any way?

14 A. Well, if you consider the parenthetical
15 section, and it talks about rearrangements, it's my
16 understanding that when loop conditioning is done,
17 it's booked as generally under an M code which is
18 representative of rearrangements, so inasmuch as --
19 I mean obviously I've already testified that none of
20 -- you know, this document didn't serve as a basis
21 for the development of the cost study, but the cost
22 study for doing bridged tap removal for loops less

1 than 17,500 feet assumes that two occurrences of
2 bridged tap will be removed. So if that can be read
3 to be -- that sentence can be read to be talking
4 about removing two sections of bridged tap when you
5 go out and do a rearrangement, then I guess that
6 they would comport with one another, but did I look
7 at that bullet point to develop the cost study, no.

8 Q. Okay. And if you look back up to bullet
9 number 3 that says "reserve (and add) non-loaded
10 pairs for digital services", did you try and reflect
11 that in your cost study?

12 A. No.

13 Q. Isn't it correct that under Project Pronto
14 you're going to administer ADSL, HDSL, and POTS
15 growth and stabilization pair on a 25 pair binder
16 group basis?

17 A. I'm sorry. Could you repeat that again?

18 Q. Right. Isn't it correct that under
19 Project Pronto architecture, the company plans to
20 administer derived ADSL, HDSL, and POTS growth or
21 stabilization pairs on a 25 pair binder group basis?

22 A. Mr. Lube would be the appropriate witness

1 I think to ask that question. I'm not familiar with
2 what you're reading from.

3 (Whereupon Rhythms Cross
4 Smallwood Exhibit 4 was marked
5 for identification.)

6 MR. BOWEN: Your Honor, I would ask that you
7 mark as exhibit Rhythms Cross Smallwood 4 the
8 company's response to Rhythms Data Request No 74.
9 It consists of a cover page and, again, a multi-page
10 document that I believe is sequentially numbered
11 pages 1 through 28 entitled Project Pronto Loop
12 Planning Guidelines and Methods and Procedures
13 Released [sic] 4/14/00.

14 EXAMINER WOODS: All right.

15 MR. BOWEN: And, again, this is marked
16 proprietary.

17 Q. If you could turn back to page 13 with me,
18 Mr. Smallwood, and read to yourself the first
19 sentence in the first full paragraph.

20 A. I've read it.

21 Q. Okay. And let me ask you the question
22 again I just asked you. Does that refresh your

1 recollection of the answer to that question now?

2 A. Could you ask the question again, please?

3 Q. Yeah. Aren't you going to administer
4 ADSL, HDSL, and POTS on a 25 pair binder group basis
5 instead of an individual basis under Project Pronto?

6 A. That's the way this sentence reads, yes.

7 Q. And have you captured that in your cost
8 study?

9 A. No.

10 Q. Okay. Let's stay with Pronto for a
11 minute. Now, you've said that -- I think at least
12 once orally and I think in writing a couple of times
13 that Project Pronto is what you call an overlay
14 network. Is that right?

15 A. That's correct.

16 Q. Now, do I understand correctly that you
17 mean by that that you don't plan to take any of the
18 existing copper outside plant that runs from the
19 customer premises to the central office out of
20 service? Is that what overlay means?

21 A. Well, again, Mr. Lube is the Project
22 Pronto expert. My understanding of that term is

1 for identification.)

2 MR. BOWEN: Your Honor, I would ask you to mark
3 as Rhythms/Covad -- I'm sorry -- Rhythms Cross
4 Exhibit 5 the company's response to Data Request 75.

5 EXAMINER WOODS: So marked.

6 MR. BOWEN:

7 Q. And again, I want to try and avoid talking
8 about numbers that the company deems proprietary,
9 Mr. Smallwood, so let's try this on the open record.

10 A. Okay.

11 MR. BOWEN: Because this is marked proprietary ,
12 Your Honor.

13 Q. Could you turn with me to the second page
14 of that exhibit?

15 A. I'm there.

16 Q. Okay. Now, you see the first little
17 bullet, it's actually a square, that talks about the
18 total investment that the company expects to make to
19 achieve some improvements is a number. Do you see
20 that number there?

21 A. Yes.

22 Q. Okay.

1 going to spend on Pronto, isn't it?

2 A. Yes.

3 Q. Now, look down to the third square and the
4 second sub bullet and read that to yourself.

5 A. Okay.

6 Q. Now, considering what you just read, I
7 want to know if your answer is still the same that
8 you just gave me about the overlay network; that is
9 your answer that the company would not be
10 reconfiguring existing voice lines off of all copper
11 on to Pronto. Is that still your answer?

12 A. I would state that I think that you've
13 mischaracterized my answer. I don't believe that I
14 addressed the company's plans to move lines from --
15 to move acting or working lines from copper to
16 fiber. I don't believe that I addressed that. What
17 I said is that they're not going to pull the copper
18 out of the ground; that that network will still be
19 there.

20 Q. Okay.

21 A. I believe is what I represented.

22 Q. I may have misunderstood your answer. So

1 are you saying that the company will be
2 reconfiguring existing copper-served voice-only
3 lines to run over Project Pronto?

4 MR. BINNIG: Voice-only lines?

5 MR. BOWEN: Yeah.

6 A. Again, Mr. Lube is here as the Project
7 Pronto expert. I personally have not been aware of
8 what the company's plans were in terms of how they
9 were going to distribute traffic on the Pronto
10 network.

11 Q. Well, isn't the notion of taking existing
12 voice lines served by copper and putting them on
13 Pronto inconsistent with the notion of an all
14 overlay network?

15 A. I don't see an inconsistency there.

16 Q. What does the word overlay mean then? It
17 means some of the time you leave the stuff in place
18 and leave the services in place and other times you
19 reconfigure and re-home existing services on the new
20 network? That's what overlay means then?

21 A. Well, again, Mr. Lube may be able to speak
22 to the company's use of that term, but as I

1 represented my understanding of it is that you're
2 placing this network over the top of what's out
3 there, and you're not removing what's out there.
4 You're not taking out say, for example, a 3,000 pair
5 feeder cable out of the ground and replacing that
6 with fiber. You're simply laying the fiber along
7 side of it, and both of those are then available for
8 service.

9 Q. Okay. I take it that you haven't
10 reflected what I just asked you to read in your cost
11 study. Is that right?

12 A. The cost study -- the short answer is no.
13 The cost study is designed to reflect the costs of
14 the activities required when and only when a CLEC
15 requests that loops -- that a loop that it wants to
16 provision be conditioned. So I don't -- it wouldn't
17 properly be included as a reflection in that cost
18 study.

19 MR. BOWEN: Okay. All right. Last topic, and,
20 Your Honor, I think I can finish in the next five or
21 ten minutes, so we can break for lunch, if that's
22 okay with you.

1 EXAMINER WOODS: Okay.

2 MR. BOWEN: Okay.

3 Q. Let's talk about service versus unbundled
4 network elements, or UNEs. Okay?

5 A. Okay.

6 Q. Is it fair to say that what my client
7 wants out of Project Pronto architecture is UNEs,
8 and what you are recommending or proposing from a
9 costing perspective is a service?

10 A. That's correct.

11 Q. And you call it the broadband service. Is
12 that correct?

13 A. That's correct.

14 Q. All right. Now, isn't it correct that
15 from a cost analysis perspective, that the studies
16 that the company has done talk about Project Pronto
17 in terms of it being a UNE, not a service?

18 A. There may be some areas where that
19 language is used in the preliminary cost studies
20 that have been submitted in discovery.

21 Q. Okay. Wouldn't that indicate that at one
22 point at least the company believed that the

1 architecture that is called Project Pronto did lend
2 itself to the provision of UNEs, not services?

3 A. That may be an indication of that. I
4 think that we've spent a lot of time at the company
5 defining how this was going to be offered and
6 assessing the technical characteristics of the
7 network, and Mr. Lube could address that much better
8 than I, but it may be that the cost analyst used the
9 term element as opposed to service in the
10 preliminary studies.

11 Q. Okay. And you've seen that reference,
12 haven't you, yourself?

13 A. Yes, I have.

14 Q. Okay, and that was provided in response to
15 our Data Request No. 1. Isn't that right?

16 A. The cost study? Yes.

17 Q. And in that cost study there are
18 references like that to -- not to wholesale
19 broadband services, but to Project Pronto being
20 costed out as a UNE. Isn't that right?

21 A. The costing methodology, and I think the
22 company has stated in its Accessible Letter, is a

1 TELRIC-based costing methodology for the service,
2 and so, yes, I think that the term UNE may appear in
3 there. Many people associate those two terms,
4 TELRIC and UNE.

5 Q. Okay.

6 (Whereupon Rhythms Cross
7 Smallwood Exhibit 6 was marked
8 for identification.)

9 MR. BOWEN: Your Honor, I would ask that you
10 mark as Rhythms Cross Smallwood 6 a two-page
11 document that is the company's response to Rhythms
12 Data Request No. 107. This is not proprietary.

13 EXAMINER WOODS: So marked.

14 MR. BOWEN: All right.

15 Q. Do you have that, Mr. Smallwood?

16 A. Yes, I do.

17 Q. Okay. Just for purposes of the
18 transcript, this document asked for a description of
19 the overall plant design that is assumed in
20 Ameritech's recurring UNE loop study for loops
21 served by fiber feeder and DLC systems. Right?

22 A. Yes, it does.

1 Q. Okay. And does this show, in effect, in a
2 different way than is shown in other documents, the
3 so-called Project Pronto architecture from a costing
4 perspective?

5 A. The diagram and the description are
6 reflective of a standard UNE loop as opposed to
7 Pronto.

8 Q. Do you see the digital loop carrier
9 designation and the remote terminals and the central
10 office terminals and so forth on there?

11 A. Yes, I do.

12 Q. Is that consistent with the Pronto
13 architecture?

14 A. There are similarities in that layout to
15 be certain. I don't know if I would characterize it
16 as being consistent.

17 Q. Well, do you see the feeder stub that goes
18 from the RT to the feeder distribution interface?

19 A. Yes.

20 Q. Isn't that a Pronto component?

21 A. Well, that's a standard component that
22 connects feeder distribution interfaces and remote

1 terminals. It's not something that's Pronto
2 specific, but it is a common characteristic of the
3 way both a regular UNE loop and a broadband service
4 would be engineered.

5 Q. Well, I'm hungry, Mr. Smallwood, but I'm
6 patient too. Isn't this drawing consistent with the
7 Pronto architecture?

8 MR. BINNIG: I'll object. The question has been
9 asked and answered.

10 EXAMINER WOODS: Okay. Well, I'll ask this: How
11 would this be different to reflect Pronto
12 architecture?

13 THE WITNESS: Without looking at a Pronto
14 diagram, I mean I can give you in general terms.
15 I'm not the technical expert, but if we start from
16 the right-hand side of the page, Your Honor.

17 EXAMINER WOODS: Okay.

18 THE WITNESS: We start at the customer's premise
19 with the network interface device and the drop wire.
20 Then it goes to a terminal box, and then from there
21 you would have distribution cable on the left-hand
22 side of the terminal box going to the feeder

1 distribution interface, and up to that point would
2 be the same whether it's Pronto or non-Pronto
3 design.

4 EXAMINER WOODS: Okay.

5 THE WITNESS: I believe, and Mr. Lube will have
6 to correct me from the stand if I'm wrong on this,
7 but I'll give you my best shot.

8 From the feeder distribution interface
9 then you would have the feeder stub to a remote
10 terminal, and that would be the same. The remote
11 terminal itself under Pronto would be a different
12 type of electronics in that box.

13 EXAMINER WOODS: Than what?

14 MR. BOWEN: It just said remote terminal .

15 THE WITNESS: At a functional block diagram
16 level, yeah, they are both remote terminals.

17 EXAMINER WOODS: Okay.

18 THE WITNESS: So from there, in a Pronto
19 configuration I think that it would be accurately
20 reflected, you would have two different fibers
21 extending from the remote terminal to the central
22 office. Once it reached the central office, and I'm

1 probably a little fuzzier on the details here
2 without looking at a diagram, but it would hit a
3 fiber distributing frame in the central office. One
4 of the fibers, specifically the fiber carrying voice
5 circuits, it is my recollection that it would be
6 cross-connected from that fiber distribution frame
7 to a central office terminal, which would then go to
8 the MDF and to the switch, and the other fiber at
9 the central office, the data fiber, would go to what
10 has been called an OCD, or optical concentration
11 device, and then from there would be routed through
12 a port on that device to a CLEC.

13 MR. BOWEN: Okay.

14 Q. So if I just asked you to assume that the
15 little box that says central office terminal
16 actually says OCD, I take it you would agree that
17 this would reflect the Pronto architecture as it was
18 used to serve ADSL. Is that right?

19 A. Well, again, there would be separate boxes
20 there.

21 Q. I understand that.

22 A. You would have two boxes. So with the

1 exception of a fiber distributing frame and some
2 cross-connects, if you had an OCD there, the data
3 fiber would terminate there, but then would not be
4 going to the MDF.

5 Q. Right.

6 A. But then in another direction.

7 Q. So with those caveats, the answer is yes.
8 Right?

9 EXAMINER WOODS: I think the answer is what it
10 is. I think he has explained enough.

11 MR. BOWEN: All right. All right.

12 That's all I have for this witness, Your
13 Honor. I would move the admission of Rhythms Cross
14 Exhibits Smallwood 1 through 6.

15 EXAMINER WOODS: Objections?

16 MR. BINNIG: We do have an objection to
17 Smallwood 2, which is the ISDN Design and
18 Implementation Guidelines, and our objection would
19 be on the grounds of relevance.

20 We have no objections to 1, 3, 4, and 5,
21 other than requesting that they go in as proprietary
22 exhibits. We have no objection to Cross Exhibit 6.

1 A F T E R N O O N S E S S I O N

2 (Whereupon the proceedings were
3 hereinafter stenographically
4 reported by Carla Boehl.)

5 EXAMINER WOODS: Let's go back on the record.

6 CROSS EXAMINATION

7 BY MR. SCHIFMAN:

8 Q. Hi, Mr. Smallwood, Ken Schiffman on behalf
9 of Sprint.

10 A. Hello.

11 Q. Mr. Smallwood, page 4 of your direct
12 testimony there is the material about IDFs are located
13 in 80 percent of the Ameritech Illinois central
14 offices. Do you see that part of your testimony?

15 A. Yes, I do.

16 Q. And Mr. Bowen representing Rhythms went
17 over some material with you. I don't know if you have
18 before you Rhythms Cross Smallwood Exhibit 5. Do you
19 have that with you?

20 MR. BINNIG: That's the response to
21 Rhythms/Covad Data Request 75?

22 MR. SCHIFMAN: Yes.

1 A. Yes, I have that.

2 Q. On the second page Mr. Bowen asks you
3 some questions about the third square and then there
4 was three arrows under that. Do you remember those
5 questions?

6 A. I recall there being questions about
7 these line items, yes.

8 Q. And, basically, it's talking about
9 infrastructure investments that SBC is making for
10 Project Pronto; is that correct?

11 A. Yes, that's the subject of that third
12 bullet.

13 Q. And as a result of Project Pronto, SBC
14 indicates that a percentage of voice lines will be
15 moved to new fiber-fed remotes; is that correct?

16 A. There is a line item that indicates that
17 some percentage will be moved. Again, Mr. Lube is the
18 witness that could describe from a technical
19 perspective how and why that happens.

20 Q. Okay. Just for your cost study purposes,
21 did you take into account Rhythms Cross Smallwood
22 Exhibit 5, the second page, in to determining the

1 amount of or the percentage of IDFs that are going to
2 be located in Ameritech Illinois central offices?

3 A. The percentage of Ameritech Illinois
4 central offices with IDFs is an input from the network
5 organization. So we went out with data requests, if
6 you will, to that organization to find out what the
7 appropriate input is and that was what they gave us
8 for a forward-looking estimate. Now, how they took
9 network deployment into account in determining that,
10 I'm not sure.

11 Q. You personally didn't do an investigation
12 and take into account this Cross Exhibit 5 in getting
13 that 80 percent number; is that correct?

14 A. No, I relied on my subject matter experts
15 for that.

16 Q. Page 2 of your direct you say the loop
17 conditioning cost study, towards the bottom, lines 20
18 and 21, which is attached as JRS Schedule 4 is an
19 updated loop conditioning cost study that has not
20 previously been submitted to the Commission. Is this
21 study just for -- that is submitted to the Commission
22 for purposes of this case, is it just for line-shared

1 loops or is it for all UNE loop conditioning?

2 A. All loop conditioning.

3 Q. And so this is -- so the costs are
4 identical whether or not you are providing a
5 line-shared loop or just a UNE loop, is that correct,
6 the conditioning charges to a CLEC?

7 A. Yes. The costs are reflective of the
8 work activities required when conditioning activities
9 take place and that's not service specific.

10 Q. The cost study makes no distinction
11 between conditioning for a line-shared loop versus
12 conditioning for a UNE stand-alone loop; is that
13 correct?

14 A. There is no such distinction, that's
15 correct.

16 Q. And loops that are line-shared loops are
17 currently working loops; is that correct? Voice grade
18 service is already being provided to a customer when a
19 line-shared loop or the high frequency portion of the
20 loop is provided to a CLEC; is that correct?

21 A. That's the general assumption, yes.

22 Q. And for UNE loops, is it the assumption

1 that a loop is in service or not in service?

2 A. Before a CLEC orders it or after?

3 Q. Before a CLEC orders it.

4 A. I mean, if I understand the context of
5 your question right, if the CLEC's going to order a
6 loop, is the loop that that CLEC orders in service
7 before they place the order?

8 Q. Correct.

9 A. Generally, I mean there is a lot of loops
10 out there. The CLEC asks for a loop and we get them a
11 loop. We would provide them with a loop that's
12 available. Generally speaking, we are not going to
13 take a working loop and push a customer off to provide
14 it to a CLEC. So definitionally I think that it's
15 generally an available loop.

16 Q. So in many instances that loop is not in
17 service before the CLEC obtains it from Ameritech
18 Illinois; is that right?

19 A. That would be my understanding, yes.

20 Q. Page 13 of your direct testimony, you
21 talk about towards the bottom, lines 19 through 21,
22 your cost study assumes that for loops less than

1 17,500 Ameritech will have to remove three load coils
2 if load coils are present; is that correct?

3 A. Yes, that's how my testimony reads;
4 that's correct.

5 Q. In every case where a load coil appears
6 on a loop, is there always three load coils on that
7 loop to be removed?

8 A. I don't know that there are always three.
9 This is an input in developing this rate element.
10 That's how it was defined in terms of conjunction
11 between product management wanting to define loop
12 conditioning and what the network organization felt
13 like would be the appropriate input to use in
14 developing the conditioning costs. So I don't think
15 that that's the case in every specific instance but
16 more of an average reflection of what's going to be
17 found in the network.

18 Q. It's an average reflection -- for every
19 loop where there is a load coil and the loop is less
20 than 17,500 hundred feet, the assumption in your cost
21 study is that there are three load coils present,
22 right?

1 A. That's correct.

2 Q. But you have indicated that that is not
3 necessarily always the case, that there are three load
4 coils present; is that correct?

5 A. That's what's expected to be the case on
6 the typical loop, in that distance range.

7 Q. And has it be your testimony earlier that
8 SBC charges for the actual costs of removal of
9 inhibitors for xDSL service or interferors for xDSL
10 service?

11 A. I'm sorry, could you --

12 Q. I mean, your testimony that I believe you
13 went over with the attorney for Rhythms is that the
14 FCC gave ILECs the ability to charge for the actual
15 cost of going out and removing interferors like load
16 coils and repeaters and bridge taps; is that correct?

17 A. That's my interpretation of what the FCC
18 order said. The cost study is reflective of the costs
19 that we expect to incur on a forward-going basis as we
20 do a loop conditioning based on a CLEC request.

21 Q. So on a forward-going basis you are
22 telling me that you always expect to remove three load

1 coils for loops less than 17,500?

2 A. That's the assumption in the study, yes.

3 Q. And you acknowledge that there are cases
4 when not always -- where three load coils are not
5 always present on loops when you are doing the removal
6 of load coils; is that right?

7 A. I said that it could be the case that
8 that will occur, yes, to my understanding.

9 Q. And your study also assumes that when the
10 removal of bridge taps is accomplished, that there are
11 always two bridge taps to be removed for loops less
12 than 17,500 feet?

13 A. Yes.

14 Q. And do you acknowledge that there are
15 times when there aren't necessarily two bridge taps to
16 be removed for every one of those loops?

17 A. That question is probably better asked of
18 Ms. Schlackman. I am less familiar with the technical
19 specifics of the deployment of bridge tap. But the
20 cost study assumption is certainly the case that when
21 the bridge tap will be removed, there will be two
22 pieces of bridge tap disconnected from the network.

1 Q. Regardless if that's the actual case,
2 that there are always two bridge taps actually
3 removed, right?

4 A. That's right. I mean, that's what the
5 cost represents. So that's how it was developed, yes.

6 Q. Also your cost study gives - or I guess
7 the actual tariff gives rates for loops that are
8 longer than 17,500; you say that these costs are
9 developed on an incremental basis per load coil, per
10 bridge tap and per repeater; is that correct?

11 A. That's correct.

12 Q. You acknowledge the same thing could be
13 done on a per load coil, per bridge tap, and per
14 repeater basis on loops less than 17,500 feet?

15 A. From a technical standpoint I suppose
16 those costs could be developed that way. But the way
17 that we have structured the rate element is to account
18 for what we expect to find on loops less than 17,500
19 because the costs could be more variable on longer
20 loops depending on loop length. We were less able to
21 make -- the network organization was less able to give
22 a specific number that they would expect to find on

1 those long loops unlike they were able to do for loops
2 in the range of 12 to 17,500 feet.

3 Q. But it is technically feasible,
4 nonetheless, to develop a cost study such that you are
5 only charging for the actual number of interferors
6 that are removed from the loop; is that correct?

7 A. Those calculations could be done, yes.

8 Q. Okay, thank you. The three load coils
9 that can be present on a loop less than 17,500, that's
10 the worse case scenario; is that right?

11 A. Again, Ms. Schlackman can probably
12 testify more, in more detail, to the technical
13 characteristics of the network. I wouldn't agree to a
14 characterization that it's a worse case scenario, but
15 she could speak at a more technical level to that
16 issue.

17 Q. And would your response be the same for
18 two bridge taps being the worse case scenario?

19 A. I think the response would be the same.
20 You would need to ask Ms. Schlackman.

21 Q. Could you please turn to your rebuttal
22 testimony, page 12, lines 17 through 20?

1 A. I'm there, but you may need to give me a
2 sentence because I think there could be some
3 pagination issues with this piece.

4 Q. Sure, no problem. A sentence -- what I
5 am looking at is the sentence that says, "If the
6 Commission inappropriately sets the loop conditioning
7 rate at zero or any price that is below Ameritech
8 Illinois' true costs, the pricing signals in the
9 market will be distorted," that sentence?

10 A. Yes, I see that.

11 Q. And so you are discussing that your loop
12 conditioning rates are the actual true costs for
13 Ameritech in removing particular load coil or repeater
14 from a loop; is that correct?

15 A. Well, again, what the cost study
16 represents is the typical amount of costs that we
17 expect to incur to perform these jobs. I know that
18 the network witnesses have stated that these times are
19 reflective of a best case scenario and to the extent
20 that they don't take into account, for example,
21 weather, if you had poor weather conditions, buffering
22 of air pressure. I have had those discussions with

1 the network witnesses. So the costs that are
2 developed represent the costs that we expect to incur
3 on a forward-going basis. The context of this
4 question is asking about whether or not it should be
5 zero.

6 Q. And I am not trying to figure out whether
7 or not it should be zero. I am just trying to focus
8 in on the notion about the rates being set at
9 Ameritech Illinois' true cost. And I just want to
10 determine if there is something that can be drawn from
11 the fact that you have testified that you are using
12 the average number of load coils that you expect to
13 find when you condition a loop; is that right?

14 A. Certainly. I mean, maybe to answer your
15 question, almost all of this, all of the costing work
16 that's done in this industry, is representative of
17 some typical characteristic in the network. For
18 example, a loop study, if you have geographically
19 de-averaged loops in the four zones, the loop for zone
20 one is the typical loop that you expect to find. You
21 don't have a differentiated cost for every loop.
22 Likewise, for conditioning we don't have a different

1 cost for every particular loop that is conditioned,
2 but the cost of what a typical loop conditioning job
3 will be.

4 Q. But for loops over 17,500 feet, you do
5 actually determine how many load coils are removed for
6 the loop above 17,500 feet and charge on a per load
7 coil basis, right?

8 A. That's correct, with the caveat that it's
9 incremental to the loop conditioning work that's done
10 below 17,500 feet. It's not a stand-alone cost.

11 Q. Mr. Smallwood, Sprint asked some data
12 requests of Ameritech Illinois, and one of the
13 requests was the estimates of time that go into
14 developing labor costs for conditioning a loop. Do
15 you remember those data requests?

16 A. I would be happy to take a look at it. I
17 see a lot of data requests, so.

18 Q. I don't have extra copies of them,
19 unfortunately, but can I approach the witness and show
20 him this? Do you want to take a look at it?

21 MR. BINNIG: Yeah.

22 MR. SCHIFMAN: It's Sprint Request 1.

1 MR. BINNIG: Okay.

2 MR. SCHIFMAN:

3 Q. Mr. Smallwood, I just handed you
4 Ameritech Illinois' response to Sprint Data Request 1.
5 Are you familiar with -- have you seen that document
6 before?

7 A. Yes.

8 Q. And I believe it's on the second page,
9 there is some estimates for how long Ameritech takes
10 to perform certain activities when conditioning loops;
11 is that correct?

12 A. I'm sorry, which page? Are you referring
13 to the tables?

14 Q. No, I'm sorry. It would be the third
15 page of the data request response.

16 MR. BINNIG: Just so the record is clear,
17 Ken, does it have a title at the top? Is it the
18 Aerial Cable Conditioning?

19 MR. SCHIFMAN: Aerial Cable Conditioning,
20 yes.

21 Q. And there is some estimates for the
22 amount of time that Ameritech takes to perform

1 conditioning duties; is that correct?

2 A. Yes. Just to be clear, this is Sprint
3 Data Request 2 and an attachment; is that correct?

4 Q. Yes. This is the response that Ameritech
5 Illinois provided?

6 A. Right. Yes, the table represents work
7 steps involved in performing aerial cable conditioning
8 of a cable pair and has discrete work steps and the
9 times, task times, associated with those.

10 Q. And there is some elements in bold on
11 that chart and it says, "Work operation may not be
12 required or may be reduced." Do you see that?

13 A. Yes, I do.

14 Q. Were the time limits that are listed in
15 there or the amounts of times that are listed, are
16 those included in the labor costs always when
17 calculating the amount of labor for conditioning a
18 loop?

19 A. It's my recollection that those were left
20 out completely. I could add those times up. It's not
21 totaled on here or I could tell you immediately,
22 verify for you. But it's my recollection that those

1 times were left out because they may or may not be
2 required. And in order to make a conservative
3 estimate, they were left out of that total.

4 Q. Okay. Thanks for clearing that up.
5 Going to your surrebuttal testimony, sir.

6 A. Okay.

7 Q. Page 2, lines 11 and 12, I am looking at
8 a sentence that says, "Load coils, repeaters, are
9 still used today to provide voice-grade service"?

10 A. Yes, I see that.

11 Q. What do you mean by voice-grade service
12 there? Do you mean just providing actual voice
13 service or the ability to do dial-up modem connections
14 over a voice-grade loop?

15 A. Well, when I wrote that I was thinking
16 specifically of voice service.

17 Q. Okay. So you have no opinion as to
18 whether or not load coils or repeaters may inhibit
19 speeds on dial-up connections over voice loops?

20 A. No, I do not.

21 Q. For the labor times for removing or
22 conditioning cables that are buried, what is the

1 assumption as far as buried cable? Is it always
2 buried or are there times when the cables are brought
3 up to some type of pedestal such that a loop can be
4 conditioned? How does it work in your cost study?

5 A. Well, in the cost study there is one
6 one-time estimate for the cable splicer who would
7 actually be out dealing with the physical plant to
8 condition a loop by type of device. So, for example,
9 for load coils, bridge taps, or repeaters, it's not
10 differentiated by plant type. The times in the study
11 are an aggregate of all different types of work jobs
12 that can be done. And that aggregate or composite
13 time, reflective of the average, is what's used in the
14 study. So the study doesn't make that distinction or
15 that differentiation.

16 Q. Does not make a distinction regarding --
17 well, first let me ask you this question. Are there
18 times when a cable has been buried, that it's actually
19 brought up to some type of pedestal so that somebody
20 going in to condition it, condition that cable again,
21 would not have to dig another hole to access the
22 cable?

1 A. I mean, in theory I know that that's
2 done. I am not the right person to represent sort of
3 the characteristics of the network in the state of
4 Illinois in terms of if that was the engineering
5 practice or what the frequency of that would have
6 been.

7 Q. Is that reflected in your cost study that
8 that type of activity is done?

9 A. Well, again, the cost study doesn't --
10 the cost study takes in a composite time provided by
11 network to remove a particular type of device, and
12 that's reflective of an average of aerial, buried and
13 underground. So then beyond that you are -- and the
14 study doesn't make that distinction. And then you are
15 going below that to say, well, when you look at
16 buried, the buried part of that average, did they make
17 that differentiation. And because I didn't develop
18 those time estimates, the network organization did, I
19 can't speak to exactly what they supplied for those
20 time estimates. But when we discussed these inputs,
21 the inputs are reflective of a mix of all plant types
22 and what they expect to occur in a conditioning job.

1 So to the extent that those pedestal -type devices
2 exist in the network, then they would be reflected in
3 that time estimate.

4 Q. Just to clear this up, your study doesn't
5 differentiate, for time purposes for actually going
6 into condition a loop, between a buried loop or an
7 aerial loop; is that correct? The time is the same in
8 this study?

9 A. There is a time estimate, for example,
10 for a cable splicer to go out and remove a repeater.
11 And there is just one time estimate. And then in the
12 cost study that's developed, the cost is to remove a
13 repeater below 17,500 or to remove a repeater above
14 17,500. And that cost is based on a time estimate
15 that's reflective of the average time to do that,
16 taking into account all plant types and all of the
17 situations that outside plant folks, you know, run
18 into when they are out there doing the work.

19 Q. So there are, obviously, instances where
20 the actual amount of time that it takes to do the work
21 is less than the average that is reflected in the cost
22 study, right?

1 A. Well, mathematically the nature of an
2 average is that there is going to be some above and
3 some below so, yes.

4 MR. SCHIFMAN: Okay, I have no further
5 questions at this time.

6 EXAMINATION

7 BY EXAMINER WOODS:

8 Q. But you don't know if the number you got
9 was weighted, right? You have no idea whether there
10 was any weighting done to take in the different types
11 of installation?

12 A. I don't know the specific weighting that
13 they used, Your Honor. But I do know from my
14 conversations with them that, when they provided that
15 data input, it was reflective of all of the types of
16 jobs that they will go do. And it's been represented
17 to me by the network folks that, for example,
18 underground issues are the most time intensive and so
19 it would be significantly higher than the average per
20 location, and, you know, maybe aerial or burial would
21 be less. And, certainly, there would be differences
22 if it was actually buried and they have to get a

1 contractor out to excavate it or have personnel dig,
2 or whether they can go into a pedestal.

3 Q. Right. But if buried was only one
4 percent and aerial was 98 percent, that would drive
5 the end number down, if it was weighted in that way?

6 A. Correct. I mean, if you were doing a
7 weighted average and one was different, then it was
8 weighted more heavily. And the network organization
9 took that into account when they supplied us with the
10 input.

11 Q. How do you know that?

12 A. Just based on my conversations with the
13 people, the network personnel, that provided the data.

14 Q. And that's Ms. Schlackman in this case?

15 A. No. Ms. Schlackman is the witness that
16 is representing the actual SMEs that provided that or
17 different people in the network organization.

18 EXAMINER WOODS: Mr. Harvey?

19 CROSS EXAMINATION

20 BY MR. HARVEY:

21 Q. Just a couple of thingS, Mr. Smallwood.
22 My name is Matt Harvey. I represent the Staff of the

1 Commerce Commission and, hopefully, I will be done
2 with you in about five minutes.

3 Now, my understanding of what you do
4 based on a couple of your responses to Mr. Bowen is
5 that you obtain inputs from various business units
6 throughout your company and you do your voodoo to
7 those and turn them into cost studies. Is that a
8 fair, simplistic characterization of your
9 responsibilities?

10 MR. BINNIG: I will object to the term
11 "voodoo."

12 EXAMINER WOODS: All right. We will change
13 it to "hoodoo."

14 MS. HIGHTMAN: Or "doodoo."

15 MR. HARVEY: I used a perfectly legitimate
16 term.

17 Q. Can you manipulate it in various
18 generally accepted ways, these cost inputs, and turn
19 them into a cost study?

20 A. Yes. In general terms we get a request
21 to do a cost study and we go out to the different
22 organizations. You know, a rate element is defined

1 and we look at what data we are going to have to get
2 to do that cost study, and we go out to various
3 organizations, whether it be procurement or finance or
4 network, and gather that information and put it into a
5 cost study to develop a cost, yes.

6 Q. So it isn't really your job to go behind
7 those assumptions. You just collect the information,
8 plug it in, and come up with a cost study, is that --

9 A. Well, I don't think it's that simple of
10 an operation. I mean, to apply a number correctly to
11 some degree you have to understand what it is supposed
12 to represent, so to make sure that you and the person
13 providing it have the same understanding of what that
14 number means and how it's to be used.

15 Q. So your understanding of these numbers is
16 you have a general understanding of what the inputs
17 that you obtain stand for?

18 A. Yes.

19 Q. But you don't generally have a specific
20 one?

21 A. Well, I think if we were to do that,
22 because of the nature of the way cost studies are

1 developed, anybody doing a cost study would have to be
2 an expert in every area of operations in the business.
3 And so, no, we don't do that and I don't purport to be
4 that. But we rely on other subject matter experts to
5 give us that information. That's --

6 Q. That's fair enough. I didn't expect you
7 to do that. I just kind of wanted to understand
8 better what you do.

9 Now, on Schedule 6 of your -- I think
10 it's attached to your rebuttal testimony, there is
11 another one of these numbers we can't mention. But it
12 indicates what Ameritech paid to a company called
13 Telecordia for a software upgrade.

14 A. Yes, that number appears there as well as
15 in Schedule 7.

16 Q. Now, what you know about the software
17 upgrade is basically that number, right?

18 A. Well, I know a little bit behind it. I
19 know that it was representative of -- there is several
20 systems that have to be upgraded, and I have seen
21 listings of those, and I have spoken to the gentleman
22 that was the company's technical representative in

1 those negotiations.

2 Q. Okay, fair enough. Now, from that I take
3 your testimony to be that you have a general idea of
4 what you paid that sum of money for but not a specific
5 one?

6 A. That's correct.

7 Q. And if I were to ask you to identify it
8 with a fair degree of specificity what features and
9 functionalities that software upgrade had, you
10 probably wouldn't be able to do it, right?

11 A. No, I am not an OSS expert.

12 Q. Okay, fair enough. I am going to ask you
13 now, sir, to turn, please, to page or rather to your
14 Schedule 4, Tab 6.11.

15 A. I'm sorry, you said Schedule 4?

16 Q. Yeah, it's Schedule JRS-4. I believe it
17 wasw included as an attachment to your direct
18 testimony.

19 A. Okay.

20 Q. And I will again be rather general about
21 this in hopes of not bringing up any confidential
22 matters. I will just confirm with your attorney that

1 I cannot refer to numbers here but other things are
2 fair game, is that a fair characterization?

3 MR. BINNIG: Let me get to that page. JRS -4,
4 6.11?

5 MR. HARVEY: Yes, correct.

6 MR. BINNIG: You want to refer to -- I want
7 to make sure I have the right page. Is it 6.11?

8 MR. HARVEY: 6.11, yes.

9 MR. BINNIG: You want to ask him about sort
10 of the, what I would call, the work steps that are
11 identified on the left?

12 MR. HARVEY: In a very general way, yes.

13 MR. BINNIG: Okay.

14 MR. HARVEY: Is that going to be a problem?

15 MR. BINNIG: I don't think so.

16 MR. HARVEY:

17 Q. Okay, fair enough. Are you there, sir?

18 A. Yes.

19 Q. Now, I am looking at this and this
20 appears to be a cost study for removing three load
21 coils from a loop; is that fair?

22 A. Yeah. It's a piece of that, yes.

1 Q. Now, I notice that of the three sort of
2 general work steps or three general categories of work
3 that you have identified, the one on line 15 seems to
4 involve the largest portion of the costs associated
5 with this activity; is that fair to say?

6 A. That's correct.

7 Q. And this would be true whether you went
8 out there and detached one set of three load coils or
9 50 sets of three load coils, assuming you could do it
10 from the same place?

11 A. If I understand your question right, is
12 this time for these work steps representative of doing
13 -- what it represents here is a particular -- a load
14 coil at three different locations.

15 Q. Okay, fair enough.

16 A. And what you are asking is can I do 50 at
17 each location?

18 Q. Would the costs be different?

19 A. Yes, they would.

20 Q. Would they be incremental costs?

21 A. Yes.

22 Q. Could you explain that to me?

1 A. Just with respect to the splicing
2 function or to others?

3 Q. Well, let's start with the splicing
4 function.

5 A. Okay. To the extent that -- well, first
6 of all, when a technician goes into a cable, it
7 depends on if all 50 pairs that are to be conditioned
8 are in the same cable. So if we are opening a cable
9 splice, are all 50 pairs that I could condition in
10 that cable at that location or in a different cable at
11 that location; that would be one item of difference.

12 Once you actually get into the location,
13 from my understanding of the work that's done, once
14 you have done all the work steps to set it up, you
15 have opened the cable, then it's a matter of
16 identifying the proper pairs to be conditioned and
17 actually removing the leads from the load coil case
18 and then attaching those so you have a line straight
19 through as opposed to being routed into the load coil
20 case and back out. So you are removing those load
21 coil wires from an additional pair.

22 And, again, Ms. Schlackman can talk in

1 more detail, but I have had conversations with them
2 about, you know, there is a difference between whether
3 it's POC cable or PIC cable. And if it's POC cable,
4 it's in paper and it's not color-coded and it's harder
5 to identify and they have to do toning of pairs in
6 some instances to make sure that they have got the
7 right pair so they don't cut a load coil off the wrong
8 pair. So there are some of those incremental times
9 associated with that. But it's basically just
10 identifying the pairs to be done and cutting them and
11 removing the load coil wires from that and re-splicing
12 them through.

13 Q. Okay, fair enough. And, again, you don't
14 have to explain cables to me. I know vastly less
15 about them than you do, so I went to law school so I
16 wouldn't have to learn any of that stuff.

17 Now, let's make one more assumption here.
18 Let's assume that -- and you don't have to believe
19 this or, you know, think it's a good idea or anything.
20 Let's assume that, for whatever reason, it makes good
21 engineering sense to, whenever you go to remove load
22 coils, to remove all of them. Can we assume that for

1 a second?

2 A. Okay.

3 Q. Would there now be any incremental costs
4 associated with setting up some technicians, sending
5 them down to wherever it is they needed to do to
6 remove the load coil, removing the load coils and
7 going home, all the load coils as opposed to one pair?

8 A. Well, I think first of all we have to
9 look at the other work items. If we are going to look
10 at the cable splicer, yes, splicer, yes, there would
11 be some incremental additional time. It would be
12 less, obviously, if they can go in without regard to
13 what they are disconnecting and just cut the whole
14 table and re-splice it through. I think that's a safe
15 assumption that, if you don't have to take some care,
16 that the incremental time would be reduced.

17 Q. If I could just interrupt, by taking care
18 you mean in this case identifying the pair of cables
19 that you wanted to disconnect from the load coil?

20 A. Precisely, yes.

21 Q. Okay.

22 A. Because there are some customers whose

1 cable pair could run through that count who rely on
2 those devices to enable their services to function
3 properly. If you just go in and wholesale remove
4 everything, then you potentially knock customers out
5 of service. So there is still the issue of, you know,
6 removing the supplies that's there and reconnecting.
7 You still have to reconnect each cable pair so it's
8 got a connection going through. So, yeah, I think
9 there is still incremental time with that.

10 Q. Okay. So there would be incremental
11 time, but would it be fair to say that setting up the
12 job site and everything would be a one-time cost
13 associated with this particular activity?

14 A. Per location, yes.

15 Q. Fair enough. Okay. A couple other
16 matters. I would like, if I might, to refer you to
17 page 3 of your surrebuttal testimony. In the sentence
18 starting on line 4, you describe a CLEC proposal which
19 in your view would create administrative problems and
20 would create administrative costs. And the Staff is
21 just kind of interested in knowing what those costs
22 might be, what additional administrative burdens would

1 be imposed upon Ameritech, if you can tell me with
2 some precision what those are.

3 A. Well, I can explain my understanding of
4 it. This question and answer deals with the
5 appropriateness of taking the cost study that's been
6 presented and dividing it by 50, as has been proposed,
7 to come up with a number. And I mentioned three items
8 of why this cost study would not be right to do that
9 because of these other times that would be involved
10 not only for the cable splicer and the engineer but
11 also the engineering and the facility resolution
12 center. And those costs aren't in here.

13 I think what you are referring to
14 starting at line 4 is what I have labeled as the
15 fourth reason dealing with the administrative
16 problems. And so what you have is a situation where,
17 if you were to divide it by 50, then the CLEC under
18 their proposal would pay 1/50 of it. There is still
19 49/50 of the cost out there. We have performed this
20 work to benefit the CLEC community because -- I mean,
21 Ameritech Illinois does not provide DSL service and do
22 not require that conditioning work to be done. And so

1 in order for us to be able to get our conditioning
2 costs to cover those conditioning costs, we have to
3 have some way of tracking the other 49/50 of the cost.

4 I don't think that that's clear from
5 their proposal. I mean, it's clear that they want to
6 divide by 50 and pay 1/50, but it's not clear whether
7 or not they are proposing to ask Ameritech Illinois
8 and its shareholders and consumers to bear the other
9 49/50 of that cost. But assuming that they believe
10 that it should be paid, then you have to have some way
11 of tracking that to get that money back.

12 And generally the practice is now -- if
13 engineering practice is, if you go out and you do
14 work, then you go back and you update your records to
15 reflect that work. And if we did that, then the next
16 time a CLEC comes out and says I want a loop out of
17 that particular binder group, it's going to show up as
18 conditions and then as a matter of fact with
19 electronic interfaces. If those data fields are
20 updated electronically, we would just get a service
21 order and they would order it, the conditioning. The
22 fact that it was conditioned would not show up.

1 So we would have to have some way of
2 tracking those loops so when if, for example, Rhythms
3 were to order a loop today and assuming that we went
4 out and conditioned 50 pair, then we have to track
5 that. So six months from now when Sprint orders a
6 loop, we say, well, that was conditioned six month ago
7 and you are responsible for 1/50 of that cost.

8 Q. Okay. So if I am understanding you
9 correctly, the administrative costs associated with
10 this that you have just described would be broadly
11 divided into updating the records so you know what
12 your network looks like, fair enough, and tracking the
13 costs so you can refer it down the line. Is that what
14 you just said?

15 A. I was thinking more of tracking the costs
16 and the billing. I mean, it's a matter of a routine
17 matter of business that, when you do the work, you
18 update your plant works. So it's more of being able
19 to identify those loops as having been conditioned and
20 not having had recovered the cost.

21 Q. All right. That's fair enough. Let me
22 ask you this. Would any part of those costs that you

1 just described would be recovered be in the loop
2 prequalification process, that you know of?

3 A. In the loop prequalification process? I
4 am not aware of any relationship that would exist
5 there.

6 Q. Fair enough. One more thing for you,
7 Mr. Smallwood. If you could turn to page 21, and I am
8 going to -- this is your proprietary testimony, line
9 4, and this is just to clear up a little disparity
10 here.

11 A. I'm sorry, of rebuttal, right? I think
12 that's the only proprietary one in here.

13 Q. Proprietary Ameritech Exhibit 4.1,
14 rebuttal proprietary. And I understand there may be
15 some page connection issues so that's why I am
16 referring you to proprietary. You refer to the
17 Accessible Letter dated May 24, 2000, and I noted that
18 Ms. Chapman on page 36 of her rebuttal testimony
19 referred to an Accessible Letter dated September 6,
20 2000, on roughly the same area of commerce. I am
21 wondering if the one -- assuming for the sake of
22 argument that these supercede each other and to the

1 extent that one goes into effect, the next is
2 superceded and annulled, would it be fair to say that
3 the 9/6/2000 letter is the one that would be effective
4 as of today assuming there were no subsequent ones?

5 A. Right, that's correct.

6 MR. HARVEY: Okay. That's all I have for
7 Mr. Smallwood.

8 EXAMINER WOODS: Any additional cross?

9 MR. BOWEN: No.

10 EXAMINER WOODS: Any redirect?

11 MR. BINNIG: I think if we could have just
12 two minutes, no one has to leave.

13 EXAMINER WOODS: Okay.

14 (Whereupon there was a short
15 off-the-record discussion.)

16 MR. BINNIG: Your Honor, we do have some
17 short redirect.

18 EXAMINER WOODS: All right.

19 MR. BINNIG: And I think the only questions I
20 have will be referring to Rhythms Cross Smallwood 2
21 which is the Basic Rate ISD and Basic Rate Access OSP
22 design implementation.

1 EXAMINER WOODS: That's Data Request 121?

2 MR. BINNIG: Yes, Your Honor.

3 REDIRECT EXAMINATION

4 BY MR. BINNIG:

5 Q. Mr. Smallwood, if you could turn to, I
6 believe, the page and the attachment that's part of
7 Rhythms Cross Smallwood 2 that Mr. Bowen asked you a
8 couple questions about, I believe it's, Section 5.4.1;
9 do you have that?

10 A. Yes, I do.

11 Q. And looking at the Subparagraphs 1 and 2
12 that Mr. Bowen asked you several questions about, does
13 that refer to unloading of eight spare pairs?

14 A. Yes, both sub-items refer to spare pairs.

15 Q. And that's also true in 5.4.2, in
16 Paragraphs 1 and 2 under section 5.4.2; is that
17 correct?

18 A. Yes.

19 Q. What's your understanding of the term
20 "spare pairs"?

21 A. It would represent pairs, cable pairs,
22 that are not in use.

1 Q. So if I were using a cable to provide
2 voice service to an end user customers, would that
3 comport with your understanding of what spare pairs
4 means?

5 A. If you were using it to provide voice
6 service, no.

7 Q. And why is that?

8 A. Because then it's an active working pair;
9 it's not a spare that's available for use.

10 MR. BINNIG: That's all I have, Your Honor.

11 EXAMINATION

12 BY EXAMINER WOODS:

13 Q. I would like to -- actually, I would like
14 to follow up on that exact same thing. And maybe you
15 are not the right witness to answer the technical
16 questions and if you could just direct me to who would
17 be. In 5.4.1, Number 1 says, "Identify the eight
18 spare pairs," correct?

19 A. It does, yes, it uses the definite
20 article.

21 Q. And then 5.4.2 says, "Identify eight
22 spare pairs." Is there a distinction there that I am

1 not grasping? Is there always eight spares in an SAI?
2 Because that's what it sounds like.

3 A. I would not think that that's accurate,
4 but Ms. Schlackman or Mr. Lube, more the technically
5 oriented witnesses, could maybe clarify. But based on
6 my understanding, I would say that the definite
7 article "the" has been inappropriately used there.

8 Q. And does ISDN require eight pairs to
9 provision? Because that's what it sounds like, too.
10 Do you know? Or if not, don't know?

11 A. No, I don't believe that it does.

12 Q. It doesn't?

13 A. I don't believe that ISDN uses eight
14 pairs, no.

15 Q. Ms. Schlackman or Mr. Lube can tell me
16 why you are supposed to do eight; do you think?

17 A. Possibly, Your Honor.

18 EXAMINER WOODS: I will ask him or somebody
19 will.

20 RE CROSS EXAMINATION

21 BY MR. BOWEN:

22 Q. I have a couple of recross, Your Honor.

1 Isn't it true, in fact, Mr. Smallwood that for ISDN
2 BRI or Basic Rate Interface service, that that service
3 is provided over a single pair to the customer's
4 house.

5 A. It's my understanding that's two-wire
6 service, yes.

7 Q. So eight pairs means eight different ISDN
8 BRIs, right?

9 A. Eight pairs would mean just that, eight
10 cable pairs.

11 Q. Providing eight different ISDN BRI
12 services, right, potentially?

13 A. Without reading the -- I mean, I think I
14 agree with what you are saying, but without reading
15 the preface, I don't know that those eight pairs are
16 being used for ISDN.

17 Q. I am saying they could be. If you deload
18 eight pairs, you can provide eight ISDN BRIs with
19 those pairs; is that right?

20 A. That would be my understanding,
21 Mr. Bowen, yes.

22 Q. I want to understand the significance of

1 the questions on redirect. So my question basically
2 is so what? So what if these are spare pairs versus
3 supply pairs for voice service? What difference does
4 that make?

5 A. In my mind the difference is that we are
6 not going out and indiscriminately conditioning pairs
7 or making an assumption that there are 50 spares to be
8 conditioned. But we are saying that inmuch as they
9 exist, as I read this, it says the eight spare pairs.
10 I mean that would confuse me as well. But I wouldn't
11 assume that eight spare pairs always exist. It could
12 be. But in the event of 50 in a cable, you know, that
13 may not be the case.

14 Q. Well, isn't it your understanding that,
15 from speaking with your SMEs, that line-sharing is not
16 technically feasible on loops longer than 18,000
17 feet?

18 A. I believe that to be true. The types of
19 DSL services that are capable of being line-shared
20 that only use the upper frequency spectrum are
21 distance limited. That's my understanding.

22 Q. Isn't it also true that on a

1 forward-looking basis your own guidelines call for no
2 loading until you get to an 18,000 or longer loop.

3 A. Yes. Let me --

4 Q. Okay,.

5 A. If I could maybe just clarify, as I
6 understand the proposal that your client has offered
7 up and has suggested, and various pieces of testimony
8 showing pictures of how this is done, is to take, for
9 example, if in fact a splice is done with a connector
10 and that connector is loading, that connector is used
11 to splice and load coils, the pairs from the load coil
12 case, that you would deload all 25 of those pairs.
13 And it assumes that you will do that no matter whether
14 those pairs are working or spare, where that customer
15 is located, what service they are on. It's just that
16 you can always go in and, for example, deload or
17 remove bridge taps or -- well, repeaters may be less
18 of a case with that, but that you can always remove 25
19 at a time, that that's available to you as a technical
20 option. And I don't think that's the case.

21 And so inasmuch as this is referring to
22 eight spare pairs, I think the point is that you are

1 not just going in and assuming that you can remove all
2 of the pairs in a particular connector or a particular
3 cable, because they may not exist.

4 Q. Well, if you have -- if you agree with me
5 that line-sharing only works below 18K and you agree
6 that there shouldn't be loads below 18K, if you go in
7 and take a 25-pair binder group that is serving
8 customers below 18K and deload it, it's not going to
9 hurt the voice service that is active on those pairs,
10 is it?

11 A. Well, that's assuming that all 25 pairs
12 are serving less than 18,000 feet.

13 Q. I asked you to assume that in my
14 question, yes.

15 A. And that's assuming that there are no
16 special circuits that were designed that require those
17 load coils. Ms. Schlackman could describe that better
18 from a technical perspective, but it's not always the
19 case that you can deload those spares.

20 Q. Do you normally have special service
21 going out to residential customers?

22 A. I don't know.

1 Q. We will ask Ms. Schlackman that. But am
2 I correct that you will agree, insofar as you
3 understand the technology, that it certainly is
4 possible to have Y working POTS voice service on loops
5 of under 18K on loops that have no load coils at all
6 on them?

7 A. It's my understanding technically that
8 for loops less than 18,000 feet, voice-only service,
9 that that's not required, that's correct. I think
10 that was your question.

11 Q. So you could pull off loads on working
12 analog voice POTS service under 18K and not hurt the
13 voice service, right?

14 A. Well, I think Ms. Schlackman's testimony
15 discussed that in the long run that may be the case.
16 In the short run you are going to knock that customer
17 out of service during the maintenance operation. And
18 so you would have to either do a line-in station
19 transfer to move that customer to another pair to do
20 that conditioning or you would have to notify that
21 customer and get their permission to take their line
22 out of service, I would assume. Because at some point

1 when you are doing the actual physical work, you are
2 going to be -- you would be disconnecting all of those
3 services.

4 Q. But you could deload those pairs with
5 notice or whatever is required, and still have the
6 voice service work just fine; isn't that right?

7 A. After of the operation was done, yes.

8 MR. BOWEN: Okay, that's all I have. Thank
9 you.

10 EXAMINER WOODS: Mr. Binnig?

11 MR. BINNIG: I have nothing.

12 EXAMINER WOODS: Thank you, Mr. Smallwood.

13 MR. BINNIG: Do we move the exhibits?

14 EXAMINER WOODS: I guess we are not going to
15 be moving exhibits. We are going to be providing
16 exhibits electronically to the Office of the Chief
17 Clerk identified as James R. Smallwood Direct
18 Testimony, Rebuttal Testimony - Public and
19 Proprietary, and Surrebuttal Testimony.

20 Mr. Lube is next?

21 MR. BINNIG: Mr. Lube is next, Your Honor.
22 Your Honor, I would also ask as a preliminary matter

1 if the parties could give a preliminary estimate of
2 cross for Mr. Lube before we commence. It would help
3 for planning purposes.

4 EXAMINER WOODS: Okay. We can do it off the
5 record.

6 (Whereupon there was then had
7 an off-the-record
8 discussion.)

9 EXAMINER WOODS: Back on the record.

10 MR. SCHIFMAN: Mr. Hearing Examiner, I would
11 like to call Sprint witness Rebecca Thompson.

12 R E B E C C A M. T H O M P S O N
13 called as a Witness on behalf of Sprint
14 Communications, L.P., having been first duly sworn,
15 was examined and testified as follows:

16 DIRECT EXAMINATION

17 BY MR. SCHIFMAN:

18 Q. Ms. Thompson, can you state your name and
19 business address for the record, please.

20 A. My name is Rebecca M. Thompson. My
21 business address is 6363 College Boulevard, Overland
22 Park, Kansas 66211.

1 Q. And by whom are you employed?

2 A. Sprint Communications Company.

3 Q. And, Ms. Thompson, do you have before you
4 designated as Sprint Exhibits 1.0 and 1.1, the first
5 one Sprint Exhibit 1.0 stating "Direct Testimony of
6 Michael D. West on Behalf of Sprint Communications
7 Company, L.P."?

8 A. Yes, I do.

9 Q. Ms. Thompson, today are you adopting the
10 testimony of Michael D. West as it is reflected in
11 Sprint Exhibit 1.0?

12 A. Yes, I am.

13 Q. Ms. Thompson, did you cause to be
14 prepared or supervised the preparation of Sprint
15 Exhibit 1.0 titled the "Surrebuttal Testimony of
16 Rebecca M. Thompson"?

17 A. Yes.

18 Q. Ms. Thompson, do you have any changes or
19 additions to either Sprint Exhibit 1.0 or Sprint
20 Exhibit 1.1?

21 A. Yes. At this time I would like to add
22 three additional items to Exhibit A on Sprint Exhibit

1 1.1. And those would be SAI SCLLI, S-C-L-L-I. And
2 addresses for each DLC, list of addresses by SAI.

3 Q. If you would go just a little bit slower.
4 Do the first one one more time so we have all got it.

5 A. SAI SCLLI's and addresses by DLC. The
6 list of addresses by SAI. And the number of terminal
7 connections being F1 and F2 available in each SAI.

8 Q. Repeat the third one one more time.

9 A. Number of terminal connections, F1 and
10 F2, available in each SAI.

11 Q. Ms. Thompson, do you have any other
12 change or additions to Sprint Exhibit 1.0 and/or
13 Sprint Exhibit 1.1?

14 A. No.

15 Q. Ms. Thompson, today if I asked you the
16 questions that appear in both Exhibits 1.0 and 1.1,
17 would your answers be the same?

18 A. Yes.

19 MR. SCHIFMAN: Mr. Hearing Examiner, I would
20 move for admission of Sprint Exhibit 1.0, 1.1. And
21 1.1 has Exhibit A attached to it and we have added
22 three additional errors there that we will provide the

1 corrected copy via e-docket to the Commission.

2 EXAMINER WOODS: As noted previously -- is
3 there any objection?

4 MR. PABIAN: No.

5 EXAMINER WOODS: As noted previously, rather
6 than admitting the documents as we have normally done
7 in the past, the Hearing Examiner's report prepared
8 for this hearing will show that the testimony was
9 admitted and will be submitted as corrected through
10 e-docket.

11 (Upon receipt, Sprint Exhibits
12 1.0 and 1.1 will be admitted
13 into evidence.)

14 EXAMINER WOODS: Thank you, Mr. Schiffman.

15 MR. SCHIFMAN: Mr. Hearing Examiner, I tender
16 the witness for cross examination.

17 EXAMINER WOODS: Mr. Pabian?

18 CROSS EXAMINATION

19 BY MR. PABIAN:

20 Q. Ms. Thompson, good afternoon. My name is
21 Michael Pabian. I represent Ameritech Illinois. Just
22 a few questions.

1 Just for purpose of clarification, when
2 we talk about line sharing, we will refer to a
3 situation in which an ILEC like Ameritech Illinois
4 would make available through the high frequency
5 portion of the loop or HFPL, available to a
6 competitive carrier, while itself providing the voice
7 service on the lower frequency portion of the LOP; is
8 that okay with you?

9 A. Yes.

10 Q. In your testimony you made several
11 references -- or references to several, a couple of
12 different, FCC orders. And just for clarification, by
13 those references are you alleging that the FCC has
14 required incumbent LECs such as Ameritech Illinois to
15 provide the splitter in a line-sharing situation?

16 A. Is there a specific portion of my
17 testimony that you are referring to?

18 Q. Yes, it's -- well, there is a citation on
19 page 4 of your testimony where you cite to the
20 Line-sharing Order and there is a citation to the, I
21 think, the UNE, what we call the UNE Remand Order on
22 page 7 of your testimony. And that was unclear to me

1 as to whether you were maintaining that any of those
2 orders imposed upon a CLEC such as Ameritech Illinois
3 in the first instance the obligation to provide
4 splitters in a line-sharing situation?

5 A. I believe on page 7 of my testimony in
6 line 5 I said that the FCC rule explicitly states that
7 the ILEC may maintain control over the splitter
8 equipment and functionality.

9 Q. So that is at the option of the --

10 A. They may, yes.

11 Q. They may but they don't have to?

12 A. Right.

13 Q. Okay, that's fine. Shifting to another
14 section of your testimony where you talk about line
15 splitting as opposed to line sharing, now line
16 splitting, just for clarification, the term "line
17 splitting" we will use to refer to a situation where,
18 let's say, over an ILEC-provided loop one CLEC would
19 be providing voice-grade type services and another
20 CLEC, different CLEC, would be providing high speed
21 data services, would that be -- as distinguished from
22 a line-sharing situation?

1 A. That's fair enough.

2 Q. Okay, that's fair enough. If you have
3 any differences with my clarifications, let me know,
4 okay.

5 A. Well, in a situation of line splitting, I
6 think you can have two scenarios where one CLEC
7 provides the voice and another CLEC provides the high
8 speed data, and another scenario where one CLEC
9 perhaps utilizes resale to provide the voice as well
10 as the high speed data.

11 Q. Is it -- correct me if I am wrong, is it
12 your contention that the FCC required ILECs such as
13 Ameritech Illinois to provide the splitting function
14 in a line-splitting situation?

15 A. No, it is not my contention that the FCC
16 has. However, the Texas Commission did require
17 Southwestern Bell to provide or to support the
18 splitting functionality in a line-splitting scenario.

19 Q. The Texas Commission or the FCC?

20 A. I'm sorry, it was the FCC Texas 271
21 Order.

22 Q. And in its 271 Order, right?

1 A. Right.

2 Q. I am going to show you part of the Texas
3 271 Order. I am going to show you an excerpt from the
4 FCC's Texas 271 Order and I would like you to read the
5 first sentence under Paragraph 327, please. If you
6 could read that out loud?

7 A. The first paragraph?

8 Q. I'm sorry, the first sentence of the
9 Paragraph 327.

10 A. "We reject AT&T's argument that
11 Southwestern Bell Telephone has a present obligation
12 to furnish the splitter when AT&T engages in line
13 splitting over the UNE-P."

14 Q. Oh, and read the second sentence, too,
15 because I think that gets to what you are talking
16 about. Oh, wait, I'm sorry. And then also the second
17 sentence of Paragraph 325.

18 A. "As a result, incumbent LECs have an
19 obligation to permit competing carriers to engage in
20 line splitting over the UNE-P where the competing
21 carrier purchases the entire loop and provides its own
22 splitter."

1 Q. Okay, thank you very much.

2 MR. SCHIFMAN: Mr. Pabian, just to clarify,
3 that second one came out of Paragraph 325?

4 MR. PABIAN: 325, right.

5 Q. That second one you were talking about
6 just a little bit earlier about facilitating splitting
7 when a CLEC takes the loop and wants to split the line
8 itself, right?

9 A. I'm sorry?

10 Q. The second quote you read..

11 A. Right.

12 Q. ...Was the reference to ILECs
13 facilitating line splitting when the CLEC took the
14 whole loop, right?

15 A. Right.

16 Q. And they can facilitate that by
17 permitting the CLEC to provide its own, to
18 operationally provide, its own splitter in that
19 context, right?

20 A. I don't think it meant that the ILEC
21 could facilitate it by allowing the CLEC to provide
22 its own splitter because the CLECs always have the

1 option. However, the ILEC has an obligation to
2 support that.

3 Q. Right, the situation where the CLEC would
4 provide its own splitter, right, okay. Good. And on
5 getting to the provision of a splitter, at page -- oh,
6 sorry, going back a little bit, at page 7 of your
7 testimony you made a reference, a citation, there to
8 what we will call the FCC's UNE Remand Order, seeming
9 to indicate that the FCC's -- or apparently indicates
10 the FCC's encouragement of the states to order
11 additional unbundling; is that correct? It's at page
12 7 of your testimony.

13 A. Right.

14 Q. And your citation was to Paragraph 164 of
15 the UNE Remand Order, is that correct? I mean, the
16 footnote, that's what the footnote says, right?

17 A. What was your question again? I see the
18 citation, but I don't think it relates to the previous
19 question that you asked.

20 Q. The question was, with respect to states
21 ordering additional unbundling, your source for that
22 authority was this citation to the FCC's UNE Remand

1 Order; is that correct?

2 A. Actually, the source for that was to the
3 Line-sharing Order, but it was combined with the
4 source from the UNE Remand Order so, yes.

5 Q. I guess I will ask you to -- I think your
6 citation there within Footnote 4 is to Paragraph 154
7 of the UNE Remand Order; is that correct?

8 A. Correct.

9 Q. Okay. I guess I would like you to read
10 Paragraph 154 of the UNE Remand Order. I would like
11 you to read the second sentence of Paragraph 154,
12 please.

13 A. "We believe that Section 251(d)(3) grants
14 state commissions the authority to impose additional
15 obligations upon incumbent LECs beyond those imposed
16 by the national list as long as they meet the
17 requirements of Section 251 and the national policy
18 framework instituted in this order."

19 Q. Okay, thank you. Are you aware that in
20 that order they further discuss that one of the
21 requirements of Section 251 is to do something called
22 "a necessary and impair analysis"?

1 A. Yes.

2 Q. And are you aware of any necessary and
3 impair analysis ever having been done with respect to
4 the provision of splitters by an ILEC?

5 A. Not that I am aware of.

6 Q. Okay. That's fine, thank you. On Page 6
7 of your testimony, in the first paragraph there, you
8 indicate that if CLECs were required to purchase
9 splitters, that could present a significant economic
10 barrier to entry; is that true?

11 A. Yes.

12 Q. What do you mean by significant economic
13 barrier to entry?

14 A. From my experience and my understanding,
15 when a CLEC has a collocation space already and
16 decides to add line sharing to that arrangement,
17 meaning they have to place a splitter and order
18 additional pairs to be delivered to their collocation
19 space, that there are significant economic factors
20 including augment applications, and there is a time
21 delay with the augment process, there is additional
22 expense required to purchase the splitters, depending

1 on the CLEC's collocation space it may have to be
2 rearranged which may require additional augment fees
3 or application fees to the ILEC in addition to the
4 additional pairs that have to be delivered to that
5 CLEC's collocation space.

6 Q. But if the CLEC decides to take advantage
7 of line sharing, I mean there are other things the
8 CLEC would have to purchase as well, right?

9 A. I'm sorry?

10 Q. If the CLEC were to provide, decide to
11 provide, high speed services to its customers, there
12 are other things it would have to decide to purchase
13 as well; is that correct? DSLAMs, other types of
14 things?

15 A. A CLEC who does not already have an
16 existing collocation arrangement, yes, there are other
17 pieces of equipment that that CLEC would have to
18 purchase.

19 Q. Right, okay. So those types of devices
20 would have to be performed in any event; isn't that
21 correct?

22 A. Which types of devices?

1 Q. DSLAMs and things like that. If the CLEC
2 was going to provide high speed services to its
3 customers --

4 MR. SCHIFMAN: Let me object real quick, and
5 just for clarification are you talking about if the
6 CLEC is providing line-shared services or providing
7 high speed data over UNE loops? I'm not sure what you
8 are talking about.

9 MR. PABIAN

10 Q. Either. I imagine in either case the
11 CLEC is going to provide high speed services to its
12 customers; is that correct?

13 A. And your question?

14 Q. The question is, what I am trying to
15 understand is whether you are contending that the
16 purchase of splitters is an economic barrier to the
17 provision of high speed services generally or simply a
18 barrier to the provision of high speed services in a
19 line-sharing situation?

20 A. I would think at this present time it's
21 been my experience that the purchase and addition of
22 splitters into an existing collocation arrangement

1 could present both an economic and a time barrier to a
2 CLEC entering into the line-shared, high speed data
3 market.

4 Q. Now, you say line-shared --

5 A. Yes, I understood that to be your
6 question.

7 Q. Now, is that a separate market from
8 unlined-shared high speed provision of services?

9 A. To a certain extent, because in one area
10 the CLEC only purchases the high frequent, and only
11 utilizes, the high frequency portion of a loop that's
12 already working and in existence to that customer.
13 And in another scenario the CLEC purchases a separate
14 standard-alone UNE loop.

15 Q. But you are testifying that those are
16 separate markets?

17 A. Not necessarily separate markets.

18 Q. They are just two different provisioning
19 vehicles; isn't that right?

20 A. Yes, to some extent.

21 Q. Have you done any sort of cost analysis
22 to support your contention that this is a significant

1 economic barrier to entry?

2 A. Any extensive cost analysis, no, I am not
3 a costing person. However, I do work in a department
4 that is responsible for augmenting our collocation
5 spaces for line sharing, and so I have had recent
6 experience with the time and expense that goes into
7 submitting line-sharing augment applications and the
8 application fees and, you know, all of the work that
9 goes into that.

10 Q. Okay. But in terms of -- well, what
11 criteria did you use to come to the conclusion that
12 this was a significant economic barrier to entry?

13 A. As I stated, my recent experience with
14 line-sharing -- and once again I state that I am not a
15 costing expert and perhaps you may direct those
16 questions to Mr. Dunbar, Sprint's costing witness.

17 Q. I am just wondering, the term
18 "significant" is what I am trying to get at. Would it
19 be your contention that anything that cost more than
20 an alternative would be a barrier to entry?

21 A. I'm not sure I understand.

22 Q. It is your contention that if a CLEC --I

1 am assuming that it is your contention that if a CLEC
2 has to go out and buy its own splitters, that it's
3 going to cost more probably in the short run than,
4 from a cash flow standpoint, than if it were to --
5 than if the ILEC were to provide the splitters for
6 some sort of monthly fees; is that correct?

7 A. No. My understanding of the splitter
8 market right now is that it is very difficult to get
9 splitters because a lot of them are on back order from
10 the vendors in the market. So I would say that it
11 would be definitely a barrier to entry if a CLEC who
12 wanted to enter into a line-sharing arrangement
13 couldn't even purchase the splitter because they are
14 not available.

15 Q. Are you saying that -- you are not
16 contending that ILECs have any priority place in line
17 for splitters over CLECs; are you?

18 A. That wasn't my contention.

19 Q. So far as you know, the constraints on
20 the availability of splitters apply to ILECs as well
21 as to CLECs; is that correct?

22 A. I would assume so.

1 Q. Okay, that's fine. But getting back just
2 to the term "significant" is what I am curious about.
3 I mean, you said this is a significant, potentially
4 significant, barrier to entry. Let's assume that
5 the -- assume for a second that what is not an issue
6 is the availability of splitters at all. I assume
7 that you were talking about the economics here.

8 A. Right. And as I stated before, if I am a
9 CLEC and I would like to add a splitter into my
10 collocation space and I have to submit an augment
11 application to the ILEC, that application fee alone
12 could present a barrier to entry.

13 Q. Okay. And are you saying that any
14 additional fee or cost is itself a barrier to entry?
15 See, I am trying to get the idea. Just -- do you see
16 what I am getting at? I mean, it's obviously your
17 conclusion that these are additional costs that
18 wouldn't be there if the ILEC were to provide the
19 splitting functionality. And I am trying to get an
20 understanding as to what level of cost you think
21 constitutes a significant barrier to entry.

22 A. I am not a costing witness -- sorry, I

1 am not a costing expert. But from my perspective, if
2 the CLEC has to pay an augment application fee in
3 addition to purchasing equipment that it does not know
4 that it has the demand for upfront, in addition to the
5 time delays -- and at this point I am not abreast of
6 what the augment interval is for Ameritech Illinois,
7 but I know in some ILECs definitely there is a
8 significant two to three-month augment interval, then
9 that is a barrier to entry.

10 Q. Okay. You talked about purchasing
11 equipment that the CLEC doesn't know it will have
12 customers for; is that right?

13 A. Uh-huh.

14 Q. Sort of like getting ready for business
15 but you don't know if the customers are going to come,
16 right? I take it --

17 MR. SCHIFMAN: Excuse me. Ms. Thompson, you
18 have to say yes or no.

19 THE WITNESS: Oh. Yes.

20 MR. PABIAN:

21 Q. If I am a shop owner and I want to open a
22 shop that sells plumbing supplies, all right, I have

1 to go through the effort of renting space and then
2 going out and buying an inventory; isn't that correct?
3 I mean, wouldn't you think?

4 A. Sure.

5 Q. And then I have to have that inventory
6 there the first day I open for business, right;
7 wouldn't you say?

8 A. Sure.

9 Q. Going to serve my customers. Yet I don't
10 know if customers are going to come, do I, when I
11 first open up the door?

12 A. No.

13 Q. Now, the fact that I have to go out and
14 buy plumbing supplies to have some minimal inventory
15 there, would you consider that a barrier to entry?

16 A. In that sort of -- in industry, no. It's
17 a necessity. How could you have a plumbing store if
18 you don't have a plumbing store.

19 Q. That's fine. I agree with you. In the
20 situation you are talking about, the purchase of
21 splitters, I think you indicated earlier you are not
22 aware of any necessary and impair analysis done by the

1 FCC with respect to splitters, right? You indicated
2 that?

3 A. Yes.

4 Q. But at the same time you thought that it
5 was a barrier to entry to have to purchase equipment
6 -- for the CLEC to have to purchase equipment that it
7 might not have the customers to use later on; is that
8 correct?

9 A. That's correct.

10 Q. So, instead, you would want the ILEC to
11 purchase the equipment to take the risk that the CLECs
12 might not have the customers to utilize the splitters;
13 is that correct?

14 A. It is not my position that the ILECs
15 should have to purchase the equipment for the CLEC.
16 My understanding is that Ameritech Illinois has
17 volunteered to purchase and own splitters. And to
18 that extent, yes, all CLECs should have access to
19 those splitters.

20 Q. If Ameritech Illinois chooses to provide
21 them?

22 A. To the extent that they have volunteered

1 to agree to own and provide the splitters.

2 MR. PABIAN: Okay, that's fine. I have no
3 other questions, thank you.

4 EXAMINER WOODS: Redirect, Mr. Schiffman? Is
5 there anybody else with cross? I don't believe so.

6 MR. SCHIFMAN: Can I have just a moment?

7 EXAMINER WOODS: Sure.

8 (Whereupon there was a short
9 off-the-record discussion.)

10 MR. SCHIFMAN: No questions, Your Honor.

11 EXAMINER WOODS: Thank you, ma'am. I
12 understand Sprint will be providing the testimony in
13 electronic format to the Office of Chief Clerk,
14 correct?

15 MR. SCHIFMAN: That is correct.

16 EXAMINER WOODS: Take Mr. Lube at 3:30.

17 (Whereupon the hearing was in
18 a brief recess.)

19 EXAMINER WOODS: Back on the record.

20

21

22

1 J O H N P. L U B E

2 called as a Witness on behalf of Ameritech Illinois,
3 having been first duly sworn, was examined and
4 testified as follows:

5 DIRECT EXAMINATION

6 BY MR. BINNIG:

7 Q. Mr. Lube, could you state your full name
8 and address for the record, please.

9 A. My name is John P. Lube, L-U-B-E. My
10 business address is Three Bell Plaza, Dallas, Texas
11 75202.

12 Q. And I ask you to first turn your
13 attention to what's been marked for identification as
14 Ameritech Illinois Exhibit 6.0 entitled the "Direct
15 Testimony of John P. Lube on Behalf of Ameritech
16 Illinois." Do you have that?

17 A. Yes, I do.

18 Q. And is this your direct testimony in this
19 proceeding?

20 A. Yes, it is.

21 Q. Was it prepared by you or under your
22 supervision and direction?

1 A. Yes, it was.

2 Q. Do you have any additions or corrections
3 to make to Ameritech Illinois Exhibit 6.0?

4 A. Yes, I have two changes or corrections,
5 rather, to make.

6 The first is on page 7. On line 19 the
7 word "generally" should be deleted.

8 And then on page 12 there is a question
9 that begins at line 8 that refers to the FCC's review
10 of SBC's proposed ownership arrangement. When this
11 answer was written, the FCC had not yet issued its
12 order in that proceeding. And so what I would like to
13 do is modify this answer as follows. I would like to
14 replace the two words "currently reviewing" with "has
15 reviewed," and where the period is at the end of the
16 sentence now, replace that with a comma. And the rest
17 of the sentence would go on to read "and has
18 authorized such ownership pursuant to its second
19 memorandum opinion and order in CC Docket Number
20 98-141 issued September 8, 2000." Those are all the
21 corrections to my direct.

22 Q. With those corrections to Ameritech

1 Illinois Exhibit 6.0, Mr. Lube, if I were to ask you
2 the questions that appear in that exhibit today, would
3 your answers be the same as reflected in the exhibit?

4 A. Yes, they would.

5 Q. Let's turn to Ameritech Illinois Exhibit
6 6.1 which is entitled the "Rebuttal Testimony of John
7 P. Lube on Behalf of Ameritech Illinois." Is that
8 your rebuttal testimony in this proceeding?

9 A. Yes, it is.

10 Q. Was it prepared by you or under your
11 supervision and direction?

12 A. It was.

13 Q. And do you have any additions or
14 corrections to this exhibit?

15 A. Yes, I do.

16 On page 1, line 13, the words "and
17 Sprint's witness Michael West" should be deleted.

18 And to make that sentence read correctly,
19 on line 12 there would be an "and" in front of
20 "Rhythm's witness" at the end of that line.

21 The next correction is on page 6. There
22 is a Footnote Number 2 down at the bottom and the

1 cites to the Line-sharing Order were inadvertently
2 omitted. And so after the words "Line-sharing Order"
3 in that footnote it should read "Paragraphs 17, 25,
4 26, and 70; and Footnote 27."

5 On page 26 there are five places that I
6 will point out on this page where I inadvertently have
7 the word "SWBT" in each of these five places that
8 should read "Ameritech Illinois." That's line 2,
9 twice on line 10, once on line 11, and once on line
10 12.

11 And then the last change in my rebuttal
12 would be on page 30. There is a question at line 6,
13 on line 8 of that question toward the end of the line,
14 the word "in," I-N, should be replaced by the word
15 "by," B-Y.

16 MR. BOWEN: I'm sorry, I lost the page.

17 THE WITNESS: I'm sorry, on page 30.

18 MR. BOWEN: This is your rebuttal?

19 THE WITNESS: Yes, sir, line 8 which is part
20 of the question. So the word "in" becomes the word
21 "by."

22 And the apostrophe in Mr. Riolo's name

1 would be deleted and the "S."

2 And then after his name would be (page
3 58), and then the question mark at the end of that.

4 And then line 9 would be deleted.

5 MS. HIGHTMAN: What did you put after his
6 name?

7 THE WITNESS: A parenthesis that says page 58
8 and then the parenthesis close and then a period --
9 oh, not a period, a question mark.

10 And then the line 9 is deleted, and those
11 are all the changes on rebuttal.

12 MR. BINNIG:

13 Q. So the end of that question would read
14 "as suggested by Mr. Riolo (page 58);" is that it?

15 A. Yes, sir, that's correct.

16 Q. With those corrections, Mr. Lube, if I
17 were to ask you the questions in Ameritech Illinois
18 Exhibit 6.1, would your answers be the same as
19 reflected in that exhibit?

20 A. Yes, they would.

21 Q. And is there a schedule attached to
22 Ameritech Illinois Exhibit 6.1, Schedule JPL-1?

1 A. Yes, there is.

2 Q. And this was prepared by you or under
3 your supervision?

4 A. It was prepared by me.

5 Q. And does this accurately reflect what it
6 purports to reflect?

7 A. Yes, it does.

8 Q. Let's turn to what's been marked for
9 identification as Ameritech Illinois Exhibit 6.2. It
10 is the surrebuttal testimony of John P. Lube. Is that
11 your surrebuttal testimony in this proceeding?

12 A. Yes, it is.

13 Q. Was it prepared by you or under your
14 supervision or direction?

15 A. It was.

16 Q. Do you have any changes or additions to
17 this exhibit?

18 A. I have just one change. There was a word
19 that was inadvertently omitted. It's at page 5 on line
20 25, after the first word on that line which is
21 "before," the word "additional" should be inserted.
22 And those are the only changes to the surrebuttal.

1 Q. I want to make sure we are not leaving
2 out any exhibit. Is your only exhibit the Schedule
3 JPL-1 to your rebuttal?

4 A. No, there was a JPL-2.

5 Q. And was JPL-2 -- does that accurately
6 reflect what it purports to reflect?

7 A. It's a memo prepared by Alcatel. In my
8 belief it accurately portrays what it means to. But
9 since Alcatel prepared it --

10 Q. It's an accurate copy of what Alcatel
11 prepared?

12 A. Oh, I'm sorry, it is.

13 Q. With the change to your rebuttal
14 testimony and Exhibit 6.-- or surrebuttal testimony,
15 6.2, if I were to ask you the questions that appear in
16 that exhibit, would your answers be the same as are
17 reflected in that exhibit?

18 A. Yes, they would.

19 MR. BINNIG: We would move for the admission
20 of Exhibit 6.0, Ameritech Exhibit 6.0, 6.1 and 6.2 and
21 the attached Schedules JPL-1 and JPL-2 to Exhibit 6.1,
22 and offer the witness for cross examination.

1 EXAMINER WOODS: Objections?

2 MR. HARVEY: No objection.

3 EXAMINER WOODS: Those exhibits will be
4 admitted upon receipt by electronic transfer, and the
5 witness is submitted for cross.

6 MR. BOWEN: Thank you.

7 (Upon receipt, Ameritech
8 Exhibits 6.0, 6.1 with
9 attached Schedules JPL-1 and
10 JPL-2; and 6.2 will be
11 admitted into evidence.)

12 CROSS EXAMINATION

13 BY MR. BOWEN:

14 Q. Good afternoon, Mr. Lube.

15 A. Good afternoon, Mr. Bowen.

16 Q. Okay. I think the best way to do this is
17 to just try to step through all three rounds of your
18 testimony, and I will occasionally try to refer to the
19 same topics in other pieces of testimony, try to do a
20 more integrated job. But, first of all, could you
21 pick up your direct testimony? In looking at page 1,
22 you say that your job right now is to represent

1 planning, engineering, and operations before federal
2 and state regulatory bodies; is that correct?

3 A. Yes, that's correct.

4 Q. Am I correct that that's not a, if I can
5 use the term, a line engineering job?

6 A. No, it's not a line engineering job. I
7 have held line engineering jobs with SBC, but this job
8 is considered a staff job.

9 Q. Can you turn to page 3 of your, again, of
10 your direct testimony? On lines 4 and 5 you say that
11 -- well, first of all let me back up. Am I correct
12 that the lion's share of your testimony, of all three
13 of your testimonies, deals with the Project Pronto
14 issue that is the SBC's new preliminary fiber-fed DLC
15 systems?

16 A. That is correct.

17 Q. And do you see your testimony there at 4
18 and 5 where you say that you assert that your
19 testimony demonstrates the Project Pronto does not
20 adversely affect traditional required line sharing; do
21 you see that?

22 A. Yes, I do.

1 Q. You see this elsewhere in your testimony;
2 is this some kind of test that you are suggesting the
3 Commission should apply, that is so long as it doesn't
4 hurt other kinds of services, you should be okay?

5 A. I suppose what I am trying to accomplish
6 there is, with that statement, is the FCC established
7 line sharing, defined what line sharing is. And the
8 Project Pronto architecture is not the type of network
9 architecture that the FCC addressed in the
10 Line-sharing Order. That Project Pronto architecture
11 is also a voluntary offering by SBC. Obviously, it
12 did not have to volunteer to build that network. So
13 it's my testimony that that voluntarily deployed
14 architecture and the Broadband Service that uses that
15 architecture do not impair in any way a CLEC's ability
16 to line share in the manner that the FCC defined
17 line-sharing.

18 Q. Am I correct you are not a lawyer?

19 A. I am not a lawyer.

20 Q. You talk a lot about FCC orders in your
21 testimonies; don't you?

22 A. Yes, sir, I do.

1 Q. But you don't mean to do that as lawyer,
2 I take it?

3 A. No, what I mean to do when I refer to
4 FCC's orders is, in my current job capacity, I have to
5 be able to understand what FCC orders are referring
6 to, what they are requiring my company's network to
7 do, or other matters such as that. So it is necessary
8 for me to understand the technical aspects of the
9 FCC's orders and help my company implement the
10 requirements that the FCC lays out.

11 Q. Okay. Could you pick up page 4 of your
12 testimony? And we will come back to a couple of areas
13 of questioning repeatedly because you have kind of
14 sprinkled them throughout your testimony. But one of
15 the things that you are saying in your testimony, if I
16 read it correctly, is that you want -- you are
17 suggesting that Project Pronto be available to CL ECs
18 as a wholesale Broadband Service and not as a UNE or
19 UNE supplement; is that fair?

20 A. Yes, sir, that's fair.

21 Q. Now, you said a moment ago that SBC's
22 deployment of Pronto is a voluntary offering. This is

1 not a lawyer's opinion; this is based on your own
2 reading of the FCC's orders. Do you understand that
3 the SBC has an obligation to unbundle whatever it
4 deploys, whether it does so voluntarily or not,
5 whether it deploys voluntarily or not? Or do you
6 think the voluntary nature of it somehow excludes SBC
7 from being required to unbundle its network?

8 A. Well, in my non-lawyer opinion about
9 that, I believe that we are required to unbundle parts
10 of the network that are included on the FCC's list of
11 unbundled network elements.

12 Q. There is no notion of voluntariness or
13 not in that list, is there?

14 A. No, the notion of voluntary in your
15 earlier question, though, was how the Pronto
16 deployment affects the ability for a CLEC to line
17 share. And this voluntary architecture that we are
18 deploying, as I said a minute ago, does not affect the
19 CLEC's ability to line share as the FCC defined it.

20 Q. When you say that, you mean line-sharing
21 on a home run copper, a copper from the premises to
22 the central office; is that right?

1 A. Well, that and the FCC also spoke to
2 line-sharing on the copper subloop from the remote
3 terminal or nearby the remote terminal location out in
4 the field to the customer's premises.

5 Q. Just so we are clear on terms, you never
6 want to use line-sharing to apply to a service that
7 rides the fiber portion of your network; isn't that
8 right?

9 A. Yes, for several reasons.

10 Q. I know what the FCC orders says. But you
11 never want to use that term to refer to any fiber
12 transport, if you will; isn't that right?

13 A. Yes, for a very specific reason. And the
14 reason is that line-sharing, as the FCC did define it,
15 is a new unbundled network element called the HFPL or
16 high frequency portion of the loop. And the HFPL does
17 not exist on the fiber-fed portion of the DLCC.

18 Q. I assure you we will get to the details.
19 I am just trying to understand as we go through this
20 discussion, when you say traditional line-sharing, you
21 mean line-sharing on copper-only facilities, whether
22 it's a subloop or a whole loop, right?

1 A. In keeping with the FCC's order, that's
2 exactly what I mean.

3 Q. Okay, good. Now, on page 4 at lines 9
4 through 11, when you talk about the components that
5 comprise the Pronto architecture, you say they all
6 work in conjunction to provide an end-to-end Broadband
7 Service; do you see that?

8 A. Yes, I do.

9 Q. End-to-end means premises to serving
10 central office; is that right there?

11 A. Yes, technically it means from the OCD
12 port to the NID.

13 EXAMINER WOODS: To the --

14 THE WITNESS: Network Interface Device, the
15 NID at the customer's premises.

16 MR. BOWEN:

17 Q. And the OCD that you are talking about,
18 that's SBC's name for an ATM switch, right?

19 A. It's an ATM switch used for a very
20 specific purpose, yes, Optical Concentration Device.

21 Q. Meaning not hooked up to the ATM cloud,
22 just stand-alone?

1 A. Correct, it's not part of a data network.

2 It's --

3 Q. But it could be. You are using the kinds
4 of switches that you could hook up to an ATM cloud,
5 right?

6 A. Yes, sir. That particular box made by
7 that vendor could be a part of somebody's data
8 network.

9 EXAMINER WOODS: You are saying cloud?

10 MR. BOWEN: ATM cloud, yes.

11 EXAMINER WOODS: C-L-O-U-D?

12 MR. BOWEN: C-L-O-U-D.

13 Q. Just for the record, Mr. Lube, when I say
14 ATM cloud, do you understand that to mean a packet of
15 switched networks where packets can be routed any one
16 of a number of ways to a destination, not really
17 mattering which path they take on a particular day?

18 A. Yes, I do understand it that way.

19 Q. As opposed to a circuit switched network
20 where you have to create actual paths for calls to be
21 transported over?

22 A. Yes.

1 Q. So is it fair to say that the ATM cloud
2 or packet of switched clouds is a network of
3 interconnected nodes, if you will, which can transport
4 packets, wherever they come from, wherever they go to?

5 A. Yes.

6 Q. All right. Now, am I right that the ATM
7 switch that SBC has chosen for many of its states is
8 the Lucent CBX500?

9 A. That's correct.

10 Q. That's not the case for Ameritech,
11 though, is it?

12 A. My understanding is that the choice is
13 not the CBX500.

14 Q. It's the CISCO router, right?

15 A. That's my understanding.

16 Q. Do you know the model number?

17 A. I believe it's a 6000 series.

18 Q. A 63 something something, does that sound
19 correct?

20 A. I am really not sure. As a matter of
21 fact, we have not actually approved that
22 manufacturer's product for use in the corporation yet.

1 So I think it's still undergoing testing. And so I am
2 not exactly sure what the specific model number is,
3 Mr. Bowen.

4 Q. But you know it's a CISCO and not a
5 Lucent ATM switch?

6 A. As I mentioned a minute ago, yes, I do.

7 Q. Well, if somebody were to study the
8 Project Pronto network from a cost perspective and
9 were to look at the costs of a Lucent CBX500, instead
10 of a CISCO router, those costs wouldn't necessarily be
11 correct as applied to Ameritech's plan; would they?

12 A. Well, I'm not sure what the cost
13 differences are. If there were significant cost
14 differences, I would assume it would be appropriate --
15 you know, my personal opinion would be that it would
16 be appropriate to use the equipment in the cost for
17 Illinois that would actually be deployed in Illinois.

18 Q. In other words, if you want to figure out
19 the cost of Pronto components in Illinois and you
20 wanted to look at the OCD piece of that, you want to
21 look at that CISCO router, right?

22 A. And that's assuming that it achieves the

1 status of approved for use within SBC, which I suspect
2 it probably will but --

3 Q. Well, Ameritech doesn't plan to use the
4 Lucent router unless the CISCO fails certification,
5 right?

6 A. That would be my assumption.

7 Q. Okay. Coming back to page 4 of your
8 testimony, would it be okay with you if we thought
9 about -- I want you to put aside line-sharing for a
10 moment because there are some very complicated policy
11 overlays the way you define it. I don't want to
12 quibble with you about that. I want you to just think
13 technically the way the actual bytes or whatever
14 travel from the premises to the central office.

15 Would it be fair to say that you could
16 conceive of an end-to-end broadband UNE going from the
17 premises to the central office, again not getting
18 specific here, riding in part the Project Pronto
19 architecture?

20 MR. BINNIG: Again, we are not asking for any
21 legal conclusions here?

22 MR. BOWEN: Right. It's a technical

1 question.

2 MR. BINNIG: Well, UNE is a legal term.

3 That's my only --

4 A. Well, for the technical reasons that I
5 have described in both my direct and rebuttal
6 testimony, I would not agree that an unbundled network
7 element, as we generally know of unbundled network
8 elements, could be provided in that network
9 architecture. And, again, the reasons that I cite in
10 my testimony are that this broadband UNE, I think, as
11 I believe Mr. Bowen characterized it as that, the
12 industry services that traverse through that network
13 architecture do not travel through there in a
14 consistent piece of bandwidth or a piece of the bit
15 stream. There is totally different interface
16 characteristics at both end. At one end it's a copper
17 pair and at the other end it's a very high speed port
18 off of an OCD that happens to contain end user signals
19 from many, many, many different end users.

20 So it's not an end-to-end consistent path
21 or, I'm sorry, rather integral path or
22 interconnection. So for those technical reasons I do

1 not believe it should be an unbundled network element.

2 Q. All right. If I wanted to buy a regular
3 old voice-grade UNE loop from you and have it go over
4 this architecture, I could get there, right?

5 A. As an unbundled ADB loop?

6 Q. Yes.

7 A. Through the POTS side of the system?

8 Q. Yes.

9 A. Yes, sir, that's correct.

10 Q. And if I wanted to buy a stand-alone ADSL
11 loop from the central office to the premises, I could
12 get that over this architecture, too, right?

13 A. You could get that as the end-to-end
14 Broadband Service.

15 Q. Why couldn't I get that as a UNE? I
16 didn't want line-sharing. I just wanted to do ADSL
17 from the premises to the central office.

18 A. As I tried to explain just a minute ago,
19 even for pure data, just the DSL, at the end user's
20 premises it's a two-wire metallic interface. At the
21 central office it's a very high speed OCD port that
22 contains, not only that end user, but potentially

1 hundreds of other DSL end users. So it is not a
2 consistent end-to-end type of architecture, unlike the
3 UNE-P loop, which what you have at the end user, both
4 physically and electrically, is the same thing that's
5 delivered to the CLEC in the central office. It's
6 two-wire --

7 Q. So what? What difference does that make?

8 A. Well, from a network perspective, if we
9 say that a UNE is a dedicated part of the network
10 that's used by one CLEC, then I guess I can't see this
11 being the case going through the Project Pronto
12 architecture.

13 Q. What if I want to get an IDSL-capable
14 loop from over the Pronto architecture? As a UNE can
15 I get that?

16 A. My understanding is that IDSL, which is
17 just a non-switched version of ISDN, can be provided
18 over the POTS side of the architecture and that that
19 could be obtained as an unbundled element because,
20 again, at both ends it's a two-wire metallic
21 connection, same speed in, same speed out. That's
22 why -- I'm sorry, that's why in my testimony I refer

1 to the fact that the data part of the Project Pronto
2 architecture deals with most varieties of DSL. But
3 IDSL is an exception to that.

4 Q. Well, you have heard the term "time
5 division multiplexing;" have you not?

6 A. Yes, sir.

7 Q. Or TDM?

8 A. Correct.

9 Q. That's how, prior to this most recent
10 Project Pronto upgrade to the Alcatel DLC system,
11 that's how all services were carried across the fiber
12 between the RT and the central office; is that
13 correct? TDM.

14 A. That's correct.

15 Q. And isn't it correct that time division
16 multiplexing creates a variety of dedicated channels,
17 if you will, in some multiple 64K bandwidth?

18 A. Yes. In the digital hierarchy the TDM
19 uses, there are specific bandwidths that are available
20 depending on the type of electronics you put at both
21 ends of the fiber. And although you may not be able
22 to get a 64 kilobyte, what you can get is usually in

1 multiples of that.

2 Q. Well, you seem to place a lot of
3 importance on the fact that under some kind of
4 configurations the interfaces are the same at both
5 ends. So I take it that you would find ISDN or IDSL
6 to be okay because at the central office end that's
7 handed off on a copper basis; is that correct?

8 A. Yes, sir. But besides that, ISDN, for
9 example, is available over non-Project Pronto DLCs
10 that have been in plant for years.

11 Q. We don't care about that right now,
12 though.

13 A. But the point being that the TDM that's
14 used to transport ISDN signals, it again derives at
15 the central office in the same type of signal that you
16 started out with at the customer end. So in my
17 description of what I think a transport-type UNE
18 should be, it's an end-to-end consistent path and same
19 characteristics at both ends that can be provided,
20 that can be provided as an unbundled network element.

21 Q. Okay, but using an ISDN as an example, an
22 ISDN loop which I am going to use for IDSL over a

1 fiber-fed DLC architecture, Pronto or not, those are
2 both possible, is that correct? Pronto or not?

3 A. That was my point a minute ago, yes, sir.

4 Q. If either one of those goes on fiber,
5 there is not a dedicated physical path between the
6 central office and the premises; is there?

7 A. There is a specific place for each of
8 those ISDN services within that bit stream, unlike
9 ATM.

10 Q. Do you understand my question, Mr. Lube?
11 Is there a dedicated physical path end-to-end between
12 the central office and the premises for that ISDN
13 service?

14 A. No, it's multiplexed on a higher
15 bandwidth signal but in a fixed amount of bandwidth in
16 a fixed location in the bit stream.

17 Q. Wait a minute. You mean that the signal
18 somehow transforms from riding a signal facility to
19 one that rolls together with all other signals and
20 goes onto a fiber?

21 A. That's called multiplexing.

22 Q. But that's okay, right? That doesn't

1 somehow wreck the UNE nature of that one?

2 A. Because it has a consistent -- has a
3 consistent bandwidth and bit stream described path
4 through that architecture that you are describing, and
5 it has the same signal at both ends of that path. The
6 same type of signal is handed off to the CLEC at both
7 ends.

8 Q. What do you mean by the same type of
9 signal?

10 A. Electrical two-wire, just as a for
11 instance, like an ADB loop, you know, it's a two-wire
12 electrical signal at the customer's premises. It's a
13 two-wire electrical signal at the collocation where it
14 is delivered in the central office.

15 Q. Well, you are not handing off a signal,
16 are you? You are handing off a facility. When you
17 give me a copper loop, it hasn't got anything to do
18 with the signal; that's my job, isn't it? You are
19 handing me a copper pair?

20 A. I am handing you a copper pair with
21 specific interfaces at both ends.

22 Q. You don't do any signaling to me, do you?

1 A. That's not what I meant.

2 Q. What did you mean when you said common
3 signaling format then?

4 A. I guess what I said was, it was a
5 consistent type of signal at each end. In other
6 words, meaning just the two-wire analog at one end and
7 the two-wire analog at the other end. Now, what
8 signal you put over that, of course, is your business.

9 Q. All right. Now, let's look at the next Q
10 and A on page 4. You ask yourself or somebody asks
11 you, can you break up the Pronto architecture to what
12 you call a piece part basis; your answer is no; do you
13 see that?

14 A. Yes, sir, that's correct.

15 Q. You are familiar with the term UNE
16 platform or UNE-P; are you not?

17 A. Yes, I am.

18 Q. Do you understand that to mean taking an
19 existing, say, local exchange service, regular dial
20 tone service, not breaking it apart and re-combining
21 it into a UNE loop local switching and local transport
22 but leaving those separate, essentially separate UNES

1 in place and calling it a UNE platform and pricing it
2 at UNE rates?

3 A. Yes, that's what I understand it to be.

4 Q. And AT&T or MCI wants to buy something
5 like that, isn't that right?

6 A. They might.

7 Q. Let's try to apply that concept of not
8 breaking apart the pieces to just the loop for a
9 moment, okay. Let's think about using that concept to
10 say, okay, I understand that there are different
11 pieces of fiber-fed loop, that there is a copper piece
12 and there is some DLC equipment and there is a fiber
13 piece and the central office hand off over here,
14 either an OCD or central office terminal for TDM. But
15 I don't really care about all those different pieces.
16 All I want is a connection from here to there, and I
17 want you to -- I want to buy it as pieces and combine
18 it as a platform. Can we have that?

19 A. I guess it's our position that we only
20 offer those pieces that you just described as an
21 end-to-end service. That's the product offering that
22 we have put together and made available to the CLECs.

1 We are not offering the piece parts.

2 Q. What if I don't want to buy it as a
3 service; I want to buy it as a UNE. There is no
4 technical difference, right? Again, you are the
5 engineer-type person here. There is no technical
6 difference, right?

7 A. Yes, there is in my mind, the technical
8 difference that I have been describing already about
9 the path through the architecture and the interface
10 specifications that the two ends of this thing that
11 you want to call a UNE --

12 Q. I'm sorry. It was a bad question. I
13 want you to contrast the wholesale Broadband Service
14 with my notion of a UNE platform on the loop itself.
15 That is, I want you to have all the pieces that we
16 talked about, that you talked about in your testimony,
17 that is a distribution cable from the premises to the
18 RT, the use of the NGDLC equipment in the RT, the use
19 of the fiber coming back to the office, and the hand
20 off in the OCD port, that's what you are offering as
21 the Broadband Service, right?

22 A. That's correct.

1 Q. If I want to buy the same pieces, if you
2 will, as a collection of unbroken apart UNEs,
3 technically there is no difference, right?

4 A. Well, yes, there is a very huge
5 difference, actually. In the case of UNE-P where you
6 have a loop, an unbundled loop, and then you also have
7 an unbundled switch port, those can be used
8 individually, one without the other. I mean, if for
9 example a CLEC had its own local switch, that CLEC
10 could obtain from Ameritech an unbundled loop and
11 connect that to its switch. So the fact is in the
12 UNE-P, those are two piece parts that can be used
13 individually, stand-alone. They happen to be obtained
14 under the UNE platform offer as pre-combined simply
15 because they are already working that way today for
16 that end user for POTS.

17 It's different with the end-to-end
18 Broadband Service. The pieces of the Broadband
19 Service -- and I am talking the DSL side of the
20 architecture, not the regular POTS side of the
21 architecture -- but those piece parts cannot be used
22 independently. They have to work together in a highly

1 integrated manner, and it would make no sense for a
2 CLEC to say I would like to buy a UNE piece over here
3 that is going to have to be hooked up to a UNE piece
4 over here that just happens to have to be hooked up to
5 another UNE piece over here. They have to work
6 together in this integrated fashion.

7 So there would be no reason to have them
8 broken into parts, whereas with UNE-P, like I said,
9 there would be a reason to have those broken into
10 parts because they could be used individually.

11 Q. Okay. I want you to take yourself back
12 to when you were a line engineer and you didn't know
13 about all this FCC stuff and you didn't know about
14 UNEs and you didn't know about all the regulatory
15 overlaps. All you knew was the engineering part of
16 the network. Can you take yourself back with me to
17 that point? You are just a regular engineer now for a
18 moment.

19 A. Our regular engineers today understand
20 what UNEs are. Unfortunately, we are all having to
21 live in a UNE world today.

22 Q. So you can't take yourself back to line

1 engineering.

2 A. Well, if I really did what you asked, I
3 would still understand or I would do my level best to
4 understand what UNEs are, what our obligations are as
5 a network organization to provide those UNEs. Again,
6 that's pretty much a lot of what my job is.

7 Q. I don't want to talk about you. I want
8 to talk about how you are actually going to put up
9 pieces of the network as an engineer, as a line
10 engineer. Can we do that?

11 A. I will try to do that.

12 Q. I want you to assume putting up pieces of
13 a network, call it Project Pronto, to support the
14 wholesale Broadband Service. You have that in mind
15 because you testified to it, right?

16 A. Yes.

17 Q. Now, I want you to have in mind what you
18 would put up to do what I might call a loop end
19 platform. Nevermind that you can or can't use the
20 pieces separately or not. If I wanted to do a loop
21 UNE platform, wouldn't it be the same architecture?

22 A. Just to make sure I answer you correctly,

1 you want me to answer this as though I don't know
2 about UNEs but you call it a UNE loop platform.

3 Q. Right. All I am asking you to assume is
4 that a service versus a UNE platform are regulatory
5 constructions that have nothing to do with the actual
6 engineering of how you provision these facilities.

7 A. I think I know where I was becoming
8 disconnected a second ago. You said a UNE loop
9 platform. Do you mean a UNE platform type of loop?

10 Q. Yeah.

11 A. Because there is a difference.

12 Q. Sorry about that.

13 MR. BINNIG: I will object to the vagueness
14 of the question.

15 EXAMINER WOODS: I think he just said he
16 finally understood it.

17 MR. BINNIG: I'm not sure he does, though. I
18 want to make sure. Mr. Bowen's reference to the loop
19 UNE platform is what he was talking about conceptually
20 of envisioning the UNE platform concept applied to a
21 loop.

22 MR. BOWEN: Yeah. Not a trick question.

1 MR. BINNIG: I didn't say it was.

2 A. The way that I would answer you is, if I
3 were trying to build a POTS service, which I think is
4 equivalent to what you are calling the UNE platform --

5 Q. No, I'm not talking about POTS, Mr. Lube.
6 I am talking about DSL service. We are all talking
7 about DSL service.

8 A. Well, you asked about UNE platform,
9 Mr. Bowen, and that's not DSL. That's POTS.

10 Q. As I told you this morning, I am a very
11 patient man, Mr. Lube. I want you to stick to DSL and
12 I want you to engineer with me a Pronto-like project
13 to support what somebody wants to call a service, what
14 somebody else wants to call a UNE platform loop, as we
15 talked about, both carrying DSL services, okay?

16 A. I understand that you now -- I did not
17 understand a minute ago. I understand you now
18 literally do mean a UNE loop platform, not a UNE
19 platform loop, and there is a difference. There is a
20 huge difference there.

21 If you are wanting me as an engineer, a
22 line engineer, to build a platform that provides

1 loops, and you choose to call it a UNE platform, which
2 I am not supposed to know anything about but I do,
3 what that would consist of as the carrier that has the
4 underlying network that provides that UNE loop to you,
5 I could build that lots of different ways. I could
6 build that as copper all the way. I could build it as
7 central -- digital loop carrier between the central
8 office and a remote terminal, and copper the last mile
9 or so to the end user's premises.

10 Each of those two different things I just
11 described or arrangements I just described, would
12 provide a loop platform to you. And it happens to be
13 an unbundled loop that you can get from me for that
14 today.

15 Q. So what one of those options would look
16 and feel like Pronto, right?

17 A. No, sir, not the DSL side of Pronto.

18 Q. And that would be because?

19 A. Well, let me try it this way. Pronto is
20 an --

21 Q. You are an engineer still, right. You
22 are not a regulatory guy.

1 A. Pronto from an engineering perspective --
2 Pronto is different from what's out there in the loop
3 plant today because it indeed has a voice path from
4 the RT back to the central office that is distinct
5 from the DSL path from the RT back to the central
6 office. What I described a minute ago for an
7 unbundled loop would be descriptive of the voice side
8 of the Project Pronto platform.

9 What's different about the DSL side of
10 that platform is that you have, from the RT equipment
11 back to the central office, you have an ATM multiplex
12 -- and this is from an engineering point of view --
13 you have an ATM multiplex signal that comes in from
14 the remote terminal site and from the electronic
15 equipment from the terminal office and into the
16 central office and into an optical concentration
17 device which is an ATM switch which routes and
18 aggregates individual end user's DSL services to the
19 specific CLEC that serves those particular end users.

20 And that does not look at all like what
21 would be a loop. The OCD and the fiber
22 interconnection at the central office is an integrated

1 equipment relationship that does not exist for a
2 standard unbundled loop that is used for all the other
3 kind of services that aren't DSL that you would like
4 to offer.

5 Q. Let's be specific. You are talking here
6 about a DSL which as of this time is the only ATM
7 encapsulated technology, right? If I could use the
8 term packetized technology, right?

9 A. It's not the only one, but if you mean
10 the only one that the platform accommodates today,
11 that's correct.

12 Q. Yes. And other DSLs like SDSL or HDSL or
13 IDSL are not ATM cell or packetized, right?

14 A. At this point in time, that's correct.

15 Q. They use some multiple of 64K channels,
16 right?

17 A. On this platform SDSL, for example,
18 cannot be handled at all right now.

19 Q. I mean just generally right now other
20 DSLs are not ATM packetized technologies, right?

21 A. I'm sorry, could you please repeat the
22 question?

1 Q. Take your current network in Illinois,
2 pre-Pronto. There is a lot of different kinds of DSLs
3 out there, including HDSL which you use yourselves,
4 IDSL and SDSL, right?

5 MR. BINNIG: Well, I will object to the
6 question as being compound.

7 MR. BOWEN: Okay. I will ask the questions
8 one at a time, Your Honor.

9 MR. BINNIG: It doesn't have to be one at a
10 time. But you said which you used yourselves, and
11 that was a separate question from the question about
12 the type of services.

13 MR. BOWEN:

14 Q. Mr. Lube, are there IDSL services
15 deployed on your loop network deployed in Illinois
16 right now by CLECs?

17 A. I assume that there are. I have not
18 personally checked but I would assume that there are.

19 Q. Doesn't Ameritech Illinois use HDSL
20 technologies to deploy T1s right now?

21 A. It uses a TDM version of HDSL, four-wire
22 type of architecture, to provide DSLs; that's correct.

1 Q. And don't CLECs in Illinois deploy SDSL
2 on unbundled loops in Illinois?

3 A. Copper loops?

4 Q. Yes.

5 A. Yes, sir.

6 Q. Aren't all three of those DSL
7 technologies not packetized as they go across the
8 copper?

9 A. I understand what you mean now. As they
10 go across the copper, that is correct, they are not
11 packetized.

12 Q. But ADSL, am I correct, is packetized.
13 ATM cells are the technology that are used to support
14 ADSL service?

15 A. Not across the copper part of the
16 network. That is incorrect. ADSL across copper is
17 actually a digitized analog signal that rides over two
18 copper wires.

19 Q. Let me be more precise. Isn't it true
20 that from RT on the fiber back to the central office
21 the ADSL signal is carried on ATM cells or packets?

22 A. Yes, sir.

1 Q. I take it that there is something about
2 that that makes it somehow different in your mind.
3 Once you turn a signal from a fixed bandwidth into
4 packets, that magically becomes something completely
5 different and, therefore, is no longer a UNE; is that
6 right?

7 A. Well, whether or not it's a UNE relies
8 upon some FCC rules and impair analyses that were done
9 along with the FCC's UNE Remand Order. The difference
10 that I see as an engineer is that there is a
11 difference in the way that the piece parts of that
12 architecture have to interwork with each other, on a
13 one-to-one correspondence basis, to provide that
14 service, that ADSL service, to a CLEC so that the CLEC
15 can in turn provide it to its end user.

16 Q. But from an engineering standpoint there
17 is nothing magic about transforming analog digital
18 signals into ATM packets, is there? It's done all the
19 time?

20 A. Yes, sir, it's done all the time.

21 Q. Isn't SBC doing that itself for its
22 interoffice network on the VTOA Initiative?

1 A. I don't know that we are actually doing
2 that live on our network today. I know that we are
3 looking at doing that, yes, sir.

4 Q. Isn't that what Mr. Keown has testified
5 to under oath?

6 A. I just agreed with you. Yes, sir, we are
7 looking at doing that. That's part of Project Pronto,
8 in fact.

9 Q. All right. Does it -- from an
10 engineering standpoint, I take it you will agree, it
11 doesn't really matter as long as all the bytes and
12 packets and cells arrive in the right location, how
13 they got from one end to another? It doesn't matter
14 the path they travel or the technology they travel on;
15 is that right?

16 A. Well, we believe it does matter with
17 respect to whether or not it's a UNE.

18 Q. I am talking about I want you to still be
19 an engineer for awhile. It doesn't matter from an
20 engineering standpoint how you get from Point A to
21 Point B as long as all the cells in the packets arrive
22 correctly, right?

1 A. So long as we have all the correct piece
2 parts, the interrelated and interworking piece parts,
3 that are necessary for that to happen, yes, once it
4 gets there, that's great.

5 Q. Okay. All right. Let's talk about the
6 wholesale Broadband Service versus UNE in terms of
7 what that might give Rhythms, okay? Now you can be
8 regulatory guy for awhile.

9 A. Okay.

10 EXAMINER WOODS: Yeah, something I
11 understand.

12 MR. BOWEN:

13 Q. All right. Now, you mean the term
14 service in the regulatory sense, do you not? That is,
15 this is to be distinguished from a UNE?

16 A. Yes. I will point out that the wholesale
17 marketing aspect of this being a service is something
18 that Ms. Chapman can speak to since that is her area
19 of expertise. But, yes, in my engineering mind's eye,
20 yes, that's a regulatory distinction between a service
21 and a UNE.

22 Q. Okay. Am I correct you that also talk

1 about this, I think, in your rebuttal testimony at 5
2 and 14 as well. So just keep in mind, you know, page
3 5 of your direct plus those two because you say
4 several things at several times about this. I know
5 you recall everything you said, so. Isn't it correct
6 that a service, that is as distinguished from a UNE,
7 the offering of that service is controlled by
8 Ameritech?

9 A. That part of it is more of a wholesale
10 marketing question that Ms. Chapman would have to
11 address.

12 Q. I'm sure that's true. But is that your
13 understanding as a regulatory engineering-type person?

14 A. Well, I understand that regulated
15 companies provide services all the time, and I don't
16 know that I would say that they are completely within
17 the control of the company. I guess there is other
18 regulated services or services that regulated carriers
19 provide that are --

20 Q. For example, Rhythms can't make you offer
21 me a service, right?

22 A. I suppose that would be correct. But

1 that's probably a little bit beyond my network
2 responsibilities.

3 Q. Am I correct that services, as you
4 understand it, are not subject to the
5 Telecommunications Act obligation the way UNEs are?

6 A. That's my understanding.

7 Q. For example, is it correct that we have a
8 right to get UNEs under the Act; but we don't have a
9 right to get services?

10 A. I can't speak to that.

11 Q. You said you know all about the UNE
12 orders.

13 MR. BINNIG: If I may object, I will object,
14 not to the legal conclusion which is what it calls for
15 but I think it's vague because there are provisions in
16 the Telecommunications Act that directly address
17 retail services. So we need to be a little bit more
18 precise here.

19 MR. BOWEN:

20 Q. I will ask a different question. That
21 was a pretty rotten question. Am I correct that
22 services are not required to be priced at or on the

1 basis of TELRIC?

2 A. That's correct, although SBC has
3 committed to pricing its Broadband Service using
4 TELRIC.

5 Q. But UNEs are required to price on the
6 basis of TELRIC, right?

7 A. That's my understanding.

8 Q. Am I correct that a service can be
9 withdrawn by Ameritech?

10 A. I don't get into that aspect of providing
11 services to customers.

12 Q. You don't know whether or not Ameritech
13 can withdraw services or not?

14 A. Based upon my own personal experience, I
15 guess I know of services that had to have regulatory
16 approval to be withdrawn, but I can't speak to that in
17 this instance.

18 Q. Would that be a Ms. Chapman question?

19 A. I believe it would.

20 Q. Do you know whether or not Ameritech can
21 modify services unilaterally?

22 A. I don't know that we can. I mean, if

1 your question is referring to services in general,
2 there is lots of services out there, and I suspect
3 that customers would object if we unilaterally
4 modified how some of those services operate.

5 Q. Well, doesn't Ameritech unilaterally
6 modify services all the time through tariff change
7 filings?

8 A. Well, in the instance you are talking
9 about with tariff change filings, those are subject to
10 suspension unless there is no objection to the
11 changes.

12 Q. But you don't normally negotiate your
13 tariff changes; is that right?

14 A. I don't know. I don't work in the tariff
15 organization.

16 Q. Is that a Ms. Chapman question also?

17 A. I think it would be.

18 Q. Now, you have seen, I take it, since you
19 worked on the regulatory side of the network, you have
20 seen the Accessible Letter or letters that SBC has
21 issued concerning this so-called wholesale Broadband
22 Service; is that right?

1 A. Yes, sir, I have.

2 Q. Isn't there more than one configuration
3 that's described in the Accessible Letter?

4 A. Yes, sir, there is.

5 Q. There is a stand-alone DSL configuration,
6 right?

7 A. I am sorry. I didn't hear your question.

8 MR. BOWEN: Could you re-read the question,
9 please, Ms. Reporter?

10 (Whereupon the requested portion
11 was then read back by the
12 Reporter.)

13 A. Yes, there is.

14 Q. And isn't there something called a
15 line-shared configuration?

16 A. It used to be called a line-shared
17 configuration back when the Accessible Letter was
18 issued in May, I believe May 24. That configuration
19 of the Broadband Service was actually renamed in the
20 September Accessible Letter. It's called "Data with
21 Line-shared Subloop" and that was renamed in order to
22 try to eliminate some of the confusion that I think

1 was generated when it was initially called the
2 Line-shared Service Arrangement. And the point being
3 that the line-sharing that occurs on that service
4 arrangement only happens on the copper subloop portion
5 or component of that service.

6 Q. When you say there was an earlier
7 version, Mr. Lube, I take it that was the version that
8 we marked as an exhibit in the arbitration, that
9 Accessible Letter?

10 A. I have no idea.

11 Q. Let me show you what I think is, that I
12 recall, some earlier version. I have handed the
13 witness a copy of an SBC Ameritech Accessible Letter
14 dated May 24, 2000, Number CLEC AM 00 -044. Do you
15 have that?

16 A. Yes.

17 Q. Is this the earlier version that you are
18 referring to that might have the nomenclature
19 line-sharing included in it?

20 A. Yes, I believe that within this document
21 it refers to the line-shared service arrangement. I
22 believe I am using the right terminology they use in

1 this letter.

2 MR. BOWEN: Just for the record, Your Honor,
3 I would note that this was marked and admitted as
4 Covad Schlackman Cross Exhibit Number 1 in the
5 arbitration. Can I just ask you to take notice of
6 that or incorporate it by reference in this docket or
7 shall I remark it?

8 EXAMINER WOODS: Better re-mark it.

9 MR. BOWEN: We are going to have to get
10 copies. Can I reserve a number?

11 MS. HIGHTMAN: It will be Rhythms Cross Lube
12 Exhibit 1.

13 MR. BOWEN:

14 Q. Okay. Mr. Lube, what I want to do now is
15 point your attention to an attachment to that. It is
16 Attachment 2 called SBC Broadband Service CLEC
17 Overview 1.0. I want to read you a note at the bottom
18 of the first page and see if I have read this
19 correctly. I am quoting here from this page. "The
20 Broadband Wholesale Service, including rates, terms,
21 and conditions is subject to change, modification, or
22 withdrawal by the SBC ILECs in their sole discretion

1 in whole or in part either before or after the service
2 becomes operational as a result of the matters now
3 pending before the FCC." Do you see that sentence
4 there in the footnote?

5 A. Can I re-read it real quick just to make
6 sure I caught everything?

7 Q. Sure.

8 A. Yes, I do see that. The second sentence
9 where it points out "As a result of the matters now
10 pending before the FCC," my understanding of the
11 intent of that -- I did not write that note but I was
12 aware that that note was there, and my understanding
13 of the intent of that note was that, had the FCC
14 decided that the SBC ILECs were not allowed to own the
15 line cards in the remote terminals and the OCD in the
16 central offices, that this service would not be able
17 to be offered the way it was described in here. And
18 so, therefore, would either be withdrawn or have to be
19 re-described and, you know, completely redone in that
20 sense.

21 Q. That doesn't say that there, does it,
22 what you say you think the intent was on that page,

1 was it?

2 A. I don't see those words there but the
3 last few words do say, "As a result of matters pending
4 before the FCC." So that's what I would interpret
5 those words to mean.

6 Q. All right. So now the nomenclature has
7 changed and you pulled out any references to the words
8 "line sharing;" is that what you are saying?

9 A. That's not at all what I am saying. What
10 we have done, Mr. Bowen, is we have renamed it to
11 "Data with Line-shared Sub-loop Arrangement" which
12 clearly specifies that the line sharing occurs on the
13 copper sub-loop.

14 Q. All right. Let's turn now to page 7 of
15 your direct. And let's talk about the overlay network
16 concept. You were here this morning when we talked
17 about this with Mr. Smallwood. It's your testimony as
18 well or your assertion that Pronto is an overlay
19 network; is that correct?

20 A. Yes, it is.

21 Q. What you mean mean by that, I take it, is
22 not a complete overlay, meaning you aren't going to

1 build new facilities all the way from the premises;
2 you are going to use existing distribution gear; is
3 that right?

4 A. When the broadband service is ordered by
5 a CLEC, yes, an existing distribution pair would be
6 used as part of the service.

7 Q. In other words, you are going to deploy
8 new fiber optics and new or upgraded remote terminal
9 locations, and new feeder cable between the RTs and
10 the serving area interfaces or feeder distribution
11 interface points, right?

12 A. Yes, sir and the OCD.

13 Q. And the OCD in the central office?

14 A. Yes, sir.

15 Q. But you are not going to build any
16 distribution pairs?

17 A. No, sir, that's correct.

18 Q. At least not just because of Pronto?

19 A. No, and I assumed your question meant
20 that context, yes, sir.

21 Q. So, in other words, it's an overlay
22 network by your assertion out to the SAI?

1 A. Yes, sir. And, in fact, I have JPL -1 as
2 an attachment to our rebuttal shows the very thing
3 that you are describing.

4 Q. I saw it. Now, you are also testifying
5 that you are not going to take out of service the
6 existing copper feeder that right now comes out of the
7 SAI and goes to the central office; is that right?

8 A. Yes, sir, not as a result of Project
9 Pronto we are not going to do that.

10 Q. All right. So in effect -- and just so
11 we are clear, the Project Pronto plan contemplates
12 that RTs and SAIs can be physically separated from
13 each other by some distance; in other words they
14 aren't always right next to each other, right?

15 A. That's correct.

16 Q. And whether they are close or far away,
17 in between the RT and the SAI is copper feeder, right?

18 A. Yes, sir.

19 Q. In other words, it isn't fiber all the
20 way out to the SAI?

21 A. That's correct.

22 Q. So you are going to be putting new copper

1 feeder plant in between the RT and the SAI the RT
2 serves; is that right?

3 A. Where it is required. In some instances
4 it might be an existing CEV or hut, where we are
5 deploying the Project Pronto equipment. And if there
6 is already copper -- which there already would be
7 copper from that point out to the SAIs. If there are
8 spare pair counts in those copper cables, those could
9 be used for some of that that you are talking about.
10 But to the extent that we would need new, we would put
11 in new.

12 Q. I think it is the case, as we termed it
13 before, that you are deploying cabinets as the
14 majority technology to house these new DLCs, right?
15 Something like 60/80 percent of DLCs will be in
16 cabinets?

17 A. Yes, sir.

18 Q. And so those will be new placements,
19 right?

20 A. Yes, sir, those would be.

21 Q. You have to build new copper feeder from
22 those new placements out to the existing SAIs, right?

1 A. Unless they are upgraded cabinets.

2 Q. But if they are new, you have got to
3 build new feeders from them to the SAIs?

4 A. That's true.

5 Q. All right. Now, so you are going to have
6 two, in effect, double the feeder cables or at least
7 some multiple over 1.0 of feeder cables coming into
8 the SAI now, the old feeder cable and the new feeder
9 cable, right?

10 A. Yes, sir.

11 Q. Does the Pronto architecture require any
12 expansion or upgrades of the SAIs to handle that
13 additional feeder cable capacity?

14 A. I am actually not familiar with what work
15 has to be done at the SAIs. I have not gotten into
16 that aspect of the project.

17 Q. I thought you were the Pronto guy?

18 A. We have some handoffs, you might say, in
19 areas of responsibilities. I honestly have not gotten
20 into what construction is required at individual SAIs
21 as far as whether they have to be modified in any way
22 for the termination of these pairs.

1 Q. Okay. Who is the witness to ask those
2 kinds of questions?

3 A. That would probably be Ms. Schlackman.

4 Q. Okay. But again, knowing what you know
5 about outside plants and engineering, isn't it
6 possible or indeed likely that if you are going to add
7 a second feeder cable in coming into the SAIs, that
8 you are going to need at least for some SAIs to
9 increase the capacity of the SAI to handle those
10 feeder terminations?

11 A. Yes, sir, unless you change the size of
12 your distribution areas and end up actually placing
13 new SAIs to..

14 Q. Absent that?

15 A. ...Split the load.

16 Q. Absent subdividing distribution areas,
17 you are going to need to, in some cases, you are going
18 to need to increase the capacity of the SAI, right?

19 A. Well, and not even necessarily all of
20 them would that be required because in some cases some
21 of the feeder may not even be activated yet. You may
22 not be using every feeder pair on the feeder side of

1 the SAI.

2 Q. I am not saying in every case. I am
3 saying, based on what you know about outside plant
4 engineering -- again, you are back to engineering
5 days, not your regulatory days -- isn't it a
6 reasonable conclusion to draw that you will need to
7 augment at least some SAIs?

8 A. I do not know, because in those instances
9 where augmentation of that cabinet might be required,
10 they might have placed an additional SAI and broken up
11 the service area. I really don't know.

12 Q. Okay. We will ask Ms. Schlackman.

13 Let's turn now to page 8 of your direct
14 testimony. For the context of the transcript here you
15 are talking about, because of your assertion that
16 Pronto is an overlay network, Rhythms can still use
17 available all copper loops for DSL service; is that
18 right?

19 A. Yes, sir, that's correct.

20 Q. Now, you are familiar with the term
21 "crosstalk;" are you not?

22 A. Yes, sir, I am.

1 Q. Is that, at least in some circumstances,
2 a concern when you get DSL signals running next to
3 each other on copper facilities?

4 A. It's something that should be taken into
5 consideration, yes, sir.

6 Q. Now, there are standards by which they
7 have been looked at, the different DSL types, and have
8 specified things like power spectral density masks and
9 all those kinds of things so that that crosstalk can
10 be understood and managed; is that fair?

11 A. Yes, sir, that's the intent of those
12 masks.

13 Q. Now, isn't it correct that all those
14 calculations and of all those masks assume that the
15 DSL transceivers are located, one, on the customer's
16 premises or they are in the central office?

17 A. I suspect a lot or most of the models
18 that model that assume that the transceivers are
19 located in the same place. In other words, all of
20 them at the CO or all of them at an RT or wherever.

21 Q. But they don't assume, do they, that you
22 can have a situation where you are going to have some

1 transceivers in the central office and some
2 transceivers in, say, an RT location?

3 A. Well, I think it's recognized that that
4 can and will happen, where you have some in the CO and
5 some at the RT. And I think, again, it's wise to take
6 into consideration the crosstalk that can result from
7 that.

8 Q. Okay. And isn't the signal strongest
9 and, therefore, the crosstalk danger the greatest
10 close to those transceivers?

11 A. Yes, sir, that's correct.

12 Q. And if you put a transceiver -- when you
13 deploy Pronto and you deploy these ADLU cards, that
14 has the DSLAM transceiver functionality on the card;
15 isn't that right?

16 A. Most of the functionality is there on
17 that card, yes, sir.

18 Q. So what would be in the central office is
19 now out in the field some place, right?

20 A. You are referring to the Pronto ADLU
21 cards?

22 Q. Yes.

1 A. Yes, sir, that's correct. But not only
2 that, but if a CLEC chooses to remotely locate a
3 stand-alone DSLAM in an RT, the same situation exists.
4 Furthermore, if the CLEC actually is allowed to own
5 the line card, which we think is not the right thing
6 to do, the CLEC's line cards out there in the Project
7 Pronto remote terminal would be the same situation as
8 well.

9 Q. Does that complete your answer, Mr. Lube?

10 A. I guess what I am trying to say,
11 Mr. Bowen, is regardless of whether it's in the Pronto
12 RT equipment or whether it's your client's
13 remotely-located DSLAM in that same RT, that's a
14 consideration for all of those situations.

15 Q. Fair enough. But what I want to talk
16 about is your assertion that we don't have to use
17 Pronto. We can still use that copper that's there
18 right now and keep on providing our DSL services on
19 what we call home run copper, that's copper from the
20 premises to the central office. I want to talk about
21 that assertion of yours, and I want you to keep in
22 mind our discussion of crosstalk.

1 We are using the same distribution pairs
2 for both Pronto and home run copper; you have already
3 said that, right?

4 A. And, potentially, a third arrangement
5 whereby another CLEC might have a remotely located
6 DSLAM in that same RT. Those are also using the same
7 distribution pairs.

8 Q. I appreciate your addition. But isn't it
9 correct that the Pronto architecture would use the
10 same distribution pairs as will existing CLEC services
11 on home run copper?

12 A. Not literally the same pairs, but pairs
13 in the same cable.

14 Q. Pairs in the same binder group?

15 A. Yes, sir.

16 Q. And these are normally 25 pair binder
17 groups in distribution cables, right?

18 A. Some of the distribution cables start out
19 in the cabinet sometimes larger than 25 but they get
20 down as small as 25.

21 Q. Okay. In other words, the distribution
22 cables in general are smaller than feeder cables by

1 definition, right?

2 A. Yes, sir.

3 Q. And so the copper is closer to each other
4 than it is in a feeder cable? That's a bad question.
5 The separation between any two pairs in distribution
6 cable is less than it is in a feeder cable,
7 potentially; isn't it?

8 A. Yes, sir.

9 Q. Well, isn't -- let's say that we have --
10 that Rhythms has a customer at a location that is
11 19,000 feet from the central office, as the copper
12 runs. It is unloaded and they are running SDSL; can
13 you assume that with me?

14 A. Yes, I can.

15 Q. There actually are loops that are longer
16 than 18,000 feet, aren't there, because of heavier
17 cable gauges?

18 A. My understanding is that the 18,000 feet
19 is pretty much the standard loading or the distance
20 where you begin to load.

21 Q. But if you use heavier cable gauge, you
22 can get additional reach out without a heavier load,

1 right?

2 A. Theoretically, you can.

3 Q. Well, let's assume that you have a
4 Rhythms customer 19,000 feet out using SDSL and you
5 deploy Project Pronto, and you provide all that
6 Rhythms customer's neighbors with ADSL service. Do
7 you think there is any probability that that SDSL
8 signal would be impaired by that central office
9 strength transceiver sitting up there with the RT?

10 A. Not any more than would be caused by,
11 let's say, Sprint's remotely located DSLAM located in
12 that same RT.

13 Q. But either -- whether it's a Sprint DSLAM
14 or ADLU card of Ameritech, they both could step on
15 that SDSL signal; is that right?

16 A. I don't know that they would, but that
17 has to be considered.

18 Q. They could; couldn't they?

19 A. Well, I suppose that it's possible, but I
20 can't say that it would.

21 Q. Well, let me put it this way. Is
22 Ameritech willing to guarantee the current performance

1 levels over all copper loops as it deploys Pronto?
2 Is it willing to guarantee current throughput on
3 deployed loops by CLECs as it deploys Pronto?

4 A. I'm not sure that we have any such
5 guarantee that we have made.

6 Q. You haven't but the architecture is not
7 yet deployed. Your assertion is, Pronto won't hurt
8 any -- won't impair in any way CLECs' use of home
9 copper loops; isn't that what you are saying?

10 A. Well, not exactly. What we really said
11 was, if there are CLECs who still choose to use home
12 run copper, if they want to use that, that copper will
13 still be in the ground, still be available for them to
14 use.

15 Q. But you aren't willing to guarantee their
16 current throughput across those home run copper loops,
17 I take it?

18 A. I can't make that guarantee for my
19 company, no, sir.

20 Q. So there could be degradation in
21 throughput because of the Pronto deployed
22 architecture; is that right?

1 A. Well, technically there could be. But,
2 again, if a different CLEC put a DSLAM in that same
3 RT, you could have the very same potential. It's not
4 just a Project Pronto issue that we are talking about
5 here. It transcends Project Pronto.

6 Q. And you have read the investor briefing;
7 have you not?

8 A. A long time ago.

9 Q. Do you recall the number of DSL lines
10 that SBC projected would be deployed by SBC or its
11 affiliates on that architecture?

12 A. What I recall reading was how many lines
13 would be able to obtain DSL service within SBC's
14 footprint. I don't recall that that exactly said that
15 SBC would be the retailer of all those.

16 Q. Okay. Well, do you recall a total take
17 rate by all parties of the Pronto architecture for DSL
18 service?

19 A. Well, I do recall some numbers that were
20 used that applied to all DSL-capable loops, including
21 central office fed and Pronto RT fed. I believe it
22 was like 77 million.

1 Q. You don't recall just the Pronto?

2 A. I think it was about 20 million, if I
3 recall correctly.

4 Q. Let's talk about you mentioned a couple
5 times somebody else placing a DSLAM out in the RT,
6 somebody else meaning not -- meaning a CLEC like
7 Rhythms or Sprint or somebody else. That's a
8 possibility under your proposal, right, if there is
9 room?

10 A. Well, it's not just under my proposal,
11 but this is a possibility that has even been raised by
12 the CLECs to the FCC. So, yes, I am saying that that
13 could happen.

14 Q. So if I understand correctly, if there is
15 space out there, either adjacent to the RT or in the
16 RT, SBC would allow Rhythms to collocate a DSLAM at
17 the RT or, as I said, next to it, right?

18 A. Yes, that's the intent.

19 Q. And then Rhythms could pick up the copper
20 going back from there to the customer premises, right?

21 A. Through an engineering control splice,
22 they could obtain feeder to get to the SAI, and you

1 are right, to then get to the customer's premises.

2 Q. And this engineering control splice, I
3 want to take you back to the earlier days, meaning six
4 months ago, ancient history in telecom. At one point
5 SBC was saying, well, you can't get access to the
6 copper at the RT because it's integrated into the back
7 of the DLC and I can't give you any cross connects.
8 Do you remember that?

9 A. Well, that's still true for the pairs
10 that terminate on the remote terminal equipment. But,
11 yes, I do remember that.

12 Q. So you had a 600 pair cable coming in.
13 And before, you were just going to take all those
14 pairs and hook them to the back of the plug-ins,
15 right, so you couldn't split them away from there?

16 A. All the pairs that were hooked up, in
17 fact all the pairs that went into the RT, couldn't be
18 accessed through a cross connect device. They were
19 either tied to the back of the equipment or they were
20 just dead, you know, cut dead so to speak, in the
21 remote terminal.

22 Q. Okay. Fair enough. But now you have

1 this thing called the engineering control splice which
2 takes at least some of those spare pairs and shunts
3 them away to a cross connect location, right?

4 A. Yes. When you had said some of those
5 pairs, obviously, those are some of the pairs -- or
6 those are pairs that are not connected to the RT.

7 Q. Right.

8 A. Right.

9 Q. In other words, here comes 600 pairs in
10 in a big fat cable. Five hundred go to the back of
11 the DLC; a hundred got to the engineering control
12 splice to a cross connect facility.

13 A. That would be the intent if a CLEC wants
14 access to it.

15 Q. Okay. So if I want to put a DSLAM out
16 there, I would then cross connect to that engineering
17 control splice at a cross connect panel, right?

18 A. Yes, sir. You would run your cable from
19 the low speed side of your equipment out to that ECS
20 or engineering control splice, and that's where you
21 would be cross connected.

22 Q. And then I get access to the feeder pair

1 that goes from there to the SAI distribution area and
2 then it goes to the customer's premises, right?

3 A. Yes, sir.

4 Q. Great. Now I have got myself hooked up
5 to my customer, I have got the signal DLSAMed, right?
6 Now what do I do with it? I can probably give it back
7 to you to carry on the fiber, right, on the lid fiber?

8 A. Not on the lid fiber.

9 Q. I can't?

10 A. Well, there is no place for that
11 equipment to accommodate the high speed side of your
12 DSLAM shelf.

13 Q. What do I need for that then? If I
14 wanted to give you back like a DS-3 level signal, what
15 do I need to add beyond just the DSLAM?

16 A. You would need to get unbundled dark
17 fiber.

18 Q. No, no, no, I don't want to use dark. I
19 want to give you something that you can use to go back
20 on your lid fiber.

21 A. If you are talking about the lid fiber
22 that is used for Project Pronto, there are no ports or

1 inputs that you can have access to in the clear
2 majority of the Project Pronto RT sites. There will
3 be a signal number of Project Pronto RT sites that are
4 Alcatel that are called the 2012. And the 2012 has a
5 couple additional, or two additional, OC-3 outputs
6 that are used for other services. If those are
7 available and you wanted to hand a DS-3 to Ameritech,
8 you would need a multiplexer that would bump your DS-3
9 up to an OC-3 level potentially for utilizing the OC-3
10 or one of the spare OC-3 bandwidths in the 2012.

11 Q. Okay. But can I install the DSLAM, buy
12 an add/drop multiplexer, and then hand you a signal on
13 the Alcatel 2000, not the 2012?

14 A. On the 2000?

15 Q. Yeah.

16 A. No, sir.

17 Q. Why not?

18 A. The equipment is not configured for other
19 carriers' high speed lines to be connected into it.

20 Q. Okay. So what you are saying is the
21 Alcatel equipment -- there is no way that I could put
22 enough equipment in there to be able to hand you back

1 on the Alcatel 2000, to hand you back a signal that
2 you could accept so that I could ride your lid fiber,
3 either the TDM side or the ATM side, right?

4 A. That's right, but dark fiber would be
5 available at that RT site in most instances.

6 Q. So my only option then, if I spent the
7 money to go out there and put the DSLAM in, is to use
8 either my own way to get home or your dark fiber,
9 right?

10 A. Or a third party's spot. When you say on
11 your way home, it could have been fiber you lay or it
12 could be another carrier's fiber that may be running
13 nearby.

14 Q. If I wanted to use somebody's fiber, say
15 your dark fiber, if I want to use dark fiber, I have
16 got to light it up somehow, right? I can't just take
17 my DSLAM, hook it to a fiber and say I am done, right?

18 A. If your DSLAM has an optical output, you
19 would not need another piece of equipment. If it only
20 has, for example, a DS-3 output on the high speed
21 side, you would need a multiplexer with an optical
22 card or optical electronics that would be able to

1 interface that dark fiber.

2 Q. If I wanted to run it on SONET,
3 S-O-N-E-T, all caps?

4 A. That would be the multiplexer I was just
5 talking about. That would not be an additional piece.

6 Q. That's additional amount of money beyond
7 the DSLAM if it's a separate piece of equipment,
8 right?

9 A. You mean for the CLEC?

10 Q. It's not free?

11 A. No, no, sir. Well, if it were, we would
12 get a whole lot of them for ourselves.

13 Q. All right. So I am at the RT, I have
14 managed to find some space for collo somehow, and I
15 got my DSLAM out there, I have got my multiplexer and
16 SONET equipment out there, and now I want to say,
17 okay, I will use your dark fiber. Do you have any?

18 A. We believe that there will be dark fiber
19 available at most locations. If there is not, there
20 is not. But we believe that there will be dark fiber
21 because of -- and we are talking Project Pronto remote
22 terminal sites.

1 Q. Right.

2 A. I guess the commitment we can make to you
3 is, if it's there and spare, you can have access and
4 use it, access to it and use it as unbundled dark
5 fiber.

6 Q. Okay. I appreciate that, but I want to
7 know if it's going to be there or not. You must have
8 done some analysis; I mean, you wouldn't just make an
9 offer in your testimony with the sleeves off your
10 vest, would you?

11 A. I guess what I am saying is, even before
12 the SBC ever announced Project Pronto last fall, the
13 alternative for Rhythms to collocate a DSLAM and find
14 its way back to its ATM cloud with fiber or whatever
15 has always been there as an opportunity or as an
16 option for CLECs to provide DSL services. Project
17 Pronto does not affect that except to the extent that
18 it makes it easier for you to do that, not only
19 through the voluntary commitments that bring up the
20 engineering control splice, and the termination of
21 unterminated dark fiber, but also the fact that there
22 is probably in most instances more fiber out there

1 because of the deployment of Project Pronto.

2 Q. Okay. So how much -- you must have done
3 some analysis -- let me put the question to you again.
4 I am taking you as an honest witness who wouldn't
5 offer something that you didn't think was a real
6 option, would you?

7 A. You are right. I believe it is a real
8 option in some locations.

9 Q. So tell me -- so you must have done some
10 analysis to say, okay, on an average I think there
11 will be two strands or four strands or six strands
12 available. Have you done that kind of analysis?

13 A. No, sir. Here is how my analysis went.
14 If there were no Project Pronto, there has always been
15 an opportunity for the CLEC to remotely locate DSLAM
16 equipment and get it back to its ATM cloud in the way
17 that it best saw fit to do so. Now, now that there
18 has been the advent of Project Pronto, that
19 pre-existing option is even more available or more
20 easily obtainable by a CLEC. That's my analysis.
21 It's a common sense type of analysis.

22 Q. Okay. But you can't give the Commission

1 or Rhythms any assurances that what you are putting
2 out here as a real option for Rhythms as use of dark
3 fiber actually will be available in Illinois?

4 A. No. I can't do that for any particular
5 RT site in the state of Illinois.

6 Q. Okay. Now, what you have submitted to
7 the FCC indicates that on average there will be, for
8 the offices you are deploying it in, about 20 RTs for
9 the central office; is that right? Sixteen to 24?

10 A. That's a pretty good average.

11 Q. And for each of those RTs there are three
12 to five SAIs, right?

13 A. Somewhere in that neighbor, right.

14 Q. So let's just use 20 as a numeric average
15 of 16 and 24; is that fair?

16 A. Sure.

17 Q. And four SAIs, is that fair, average of
18 three and five?

19 A. Yes, sir.

20 Q. Is it correct that there is a
21 relationship between an SAI normally and what you call
22 a distribution area?

1 A. Yes.

2 Q. What is that? That is, is it one-to-one,
3 is there one SAI per DA, or is there more than one?

4 A. I think normally it's one SAI per
5 distribution area.

6 Q. Distribution areas, am I correct, are
7 geographic areas that contain between, say, 200 and
8 600 living units?

9 A. I forget the exact number. I'm sure
10 that's written somewhere.

11 Q. Does that sound roughly right to you?

12 A. It could be within the right range. I am
13 sure it's not 10,000. I'm sure it's not 50. So I
14 would say that's a reasonable start.

15 Q. How many DAs, distribution areas, will an
16 RT normally serve? Can we say, given that we said
17 one-to-one SAI to distribution area, that it will only
18 serve four?

19 A. RNLTH three to five and four on average
20 perhaps, yes, sir, maybe six.

21 Q. And what's the -- isn't it correct that
22 the line capacity of an Alcatel 2000 unit is 2,016

1 lines?

2 A. Yes, sir, I believe that's right.

3 Q. So you have got a maximum per RT with an
4 Alcatel 2000 of, say, roughly 2000 lines served, isn't
5 that right, for voice-grade service?

6 A. Yes.

7 Q. And you have -- let's say that Rhythms
8 wants to go out and do this placement of the DSLAM at
9 the RT. Now, if we got a -- what do you think a good
10 penetration rate is for all DSL services? Do you
11 think 20 percent sounds about right?

12 A. I have no knowledge of what a good
13 penetration rate is. I really do not know.

14 Q. Do you know what SBC expects the
15 penetration rate to be?

16 A. I don't recall.

17 Q. Let's assume it's 20 percent, just
18 hypothetically.

19 A. Hypothetically, okay.

20 Q. Let's say Rhythms gets -- you know, of
21 the total Rhythms gets one or two percent and Covad
22 gets its few percent and Northbrook gets its two

1 percent, and whoever else is out there gets its two
2 percent and SBC's AADS gets some too, and they total
3 20 percent, okay? Can you assume that with me?

4 A. Yes.

5 Q. Now, what's one percent of two thousand
6 lines?

7 A. Well, it's 20.

8 Q. Twenty. And what's two percent of two
9 thousand lines?

10 A. That should be 40.

11 EXAMINER WOODS: He is an engineer.

12 MR. BOWEN: I didn't want to attempt lawyer
13 math so I appreciate you doing that.

14 Q. So let's say Rhythms gets one or two
15 percent in an RT location. Do you think it makes --
16 do you know something about outside planning
17 economics, I take it, from being an engineer?

18 A. Something.

19 Q. Something about that. Does it make any
20 sense at all for you to, for Rhythms, to invest what
21 it would take to put a stand-alone DSLAM, a
22 multiplexer, and lease dark fiber from you to be able

1 to serve 20 or 40 customers from an RT?

2 A. I have not done that calculation.

3 Q. What do you think?

4 A. I don't know. But to be real direct with
5 that, I think a CLEC that is contemplating remotely
6 locating a DSLAM has to do an analysis of its costs
7 versus its expected take rate. And wherever that
8 crossover occurs, if they believe -- crossover meaning
9 revenues versus costs -- if they believe they can make
10 money in their business plan by providing a remotely
11 located DSLAM, then they should pursue that route. If
12 not, there are alternatives such as the Broadband
13 Service.

14 But I might point out there must have
15 been some CLECs that really thought that was a viable
16 option, at least in some specific RT locations or the
17 CLECs would not have pressed the FCC and SBC, frankly,
18 to commit to some actions on our part to make it
19 easier or more possible for CLECs to collocate at RT
20 sites. I don't believe the CLECs would have done that
21 for nothing.

22 Q. Okay. I want you to assume now,

1 Mr. Lube, that you for whatever reason have decided to
2 leave the employ of SBC and go work for a data CLEC.
3 And you are being hired because you have been a real
4 engineer, you are a good engineer, and they are hiring
5 you for your engineering expertise in outside plant.
6 Can you assume that with me?

7 A. Yes, sir.

8 Q. The president of the company calls you in
9 and says, Mr. Lube, I want you to tell me if you would
10 advise that on a broad basis I go out there and deploy
11 DSLAMs and multiplexing equipment and lease SBC's dark
12 fiber to serve an average penetration rate of one or
13 two percent. What would your advice be?

14 A. To not do that.

15 Q. Why?

16 A. Because that would not be economic for
17 you under those circumstances that you described. But
18 there may be other places where you target your
19 marketing more intensively, specific pockets of
20 customers, specific subdivisions or business parks
21 where you want to go in and put the biggest thing you
22 can find or find space for in that RT and sell like

1 crazy.

2 Q. Okay. Now, you are still in the employ
3 of this data CLEC. The president asks you then, okay,
4 based on your experience and your knowledge and
5 without doing any real study, what do you think the
6 economic breakpoint might be in terms of take rates to
7 be able to prove-in a stand-alone DSLAM multiplexer
8 and lease of dark fiber to an RT?

9 A. Since I haven't performed that analysis,
10 I truly can't say. If I were working for that
11 company, I would say I would need to go do that
12 analysis.

13 Q. The president just wants your kind of
14 seat of the pants gut feeling to know this, based upon
15 your years of expertise.

16 MR. BINNIG: I will object to the relevance.

17 EXAMINER WOODS: I think it's asked and
18 answered.

19 MR. BOWEN:

20 Q. Okay. Now you can be an SBC employee
21 again. Do you feel relieved?

22 A. Actually, it was kind of fun being an

1 ex-SBC employee for a minute. You didn't tell me how
2 many options you were going to offer me.

3 Q. We can talk.

4 EXAMINER WOODS: Is this a different line?

5 MR. BOWEN: Yes.

6 EXAMINER WOODS: I need to interrupt.

7 (Whereupon the hearing was in a
8 short recess.)

9 EXAMINER WOODS: Back on the record.

10 MR. BOWEN:

11 Q. Okay. Mr. Lube, on page 11 of your
12 direct testimony, lines 11 through 15, here you are
13 talking about the fact that the Pronto architecture
14 and the NGDLC equipment will contain DSLAM
15 functionalities; do you see that?

16 A. Yes, I see a combination of those do,
17 yes.

18 Q. I want to try to keep this simple. I
19 know that the card talks to the NGDLC and vice versa.
20 I don't want to dispute that with you. But isn't it
21 correct that the DSLAM functionality resides on the
22 card itself?

1 A. I guess it's our belief that a
2 considerable amount of the DSLAM functionality resides
3 on the card, but the card by itself cannot act as a
4 DSLAM. And I think it's kind of back to what you
5 started out by saying. For the DSLAM functionality to
6 be complete, it has to talk to the common control card
7 that's in that channel bank.

8 Q. All right. Well, I take it it's the case
9 that these Alcatel -- strike that. Are we talking in
10 Ameritech Illinois only about Alcatel or is AFCUFC
11 1000 equipment deployed here as well?

12 A. It's not deployed here, but SBC is
13 looking at the AFCUFC 1000 for very small RT
14 applications.

15 Q. So we can just talk Alcatel and capture
16 the lion's share of the DLCs for Pronto; is that fair?

17 A. Yes, sir.

18 Q. Am I correct that at least part of the
19 functionality of the NGDLC is software?

20 A. Software provides part of the
21 functionality, yes, sir.

22 Q. And that the Alcatel Litespan DLC

1 equipment has been through a number of software
2 releases; is that right?

3 A. Yes, that's correct.

4 Q. And am I correct that the first software
5 release that supports these ATM cells across the
6 separate fiber is release 10.2; does that sound right?

7 A. That sounds right but I don't remember
8 exactly which point release it was. I don't
9 personally keep track of all the individual
10 sub-releases and so on.

11 Q. But the major release number is ten,
12 right?

13 A. I believe that is correct.

14 Q. So the early release numbers, although
15 they were NGDLC, would not support the ATM
16 functionality; is that right?

17 A. That was my understanding.

18 Q. Now, any of these Alcatel Litespan units,
19 I take it, that are deployed right now can support
20 voice services, right?

21 A. The ones that are deployed in Illinois
22 today?

1 Q. Yes.

2 A. Yes, they can support voice.

3 Q. And the new ones you are deploying, the
4 new Litespans you are deploying, will also support
5 just regular voice services; is that right?

6 A. That's correct.

7 Q. And I take it that, in terms of the way
8 the DLC looks, you are talking here about a bunch of
9 chassis, a bunch of rectangular boxes, that you plug
10 cards into slots, right, at least as part of the
11 functionality?

12 A. I don't think that's the functionality.
13 It's part of the hardware. It helps provide the
14 functionality.

15 Q. These ADLU cards are cards that plug into
16 one of these slots in the chassis, right?

17 A. That's correct.

18 Q. And there is also just regular voice
19 cards that plug into the same slots, right?

20 A. Of different channel bank assemblies.
21 It's a separate channel bank assembly for POTS only,
22 yes, sir.

1 Q. But it's the same physical type of card,
2 looks in terms of dimensions as if it plugs into the
3 same type of slot, right?

4 A. Yes.

5 Q. Same for ISDN cards?

6 A. Yes, sir.

7 Q. And I take it that for a regular old POTS
8 card, a voice-only card, that that too needs --
9 doesn't by itself function; it needs to talk to the
10 NGDLC software, too; is that right?

11 A. Yes, sir, the system software and the
12 common equipment that's also used for POTS is all part
13 of the POTS functionality.

14 Q. But a regular old POTS card can't perform
15 a DSLAM function, right?

16 A. That's true.

17 Q. And it cannot perform a splitter
18 function, right?

19 A. That's true.

20 Q. So I take it that, if I understand this
21 correctly, that the difference between a regular POTS
22 card and an ADLU card is the addition of the DSLAM

1 functionality and the splitter functionality?

2 A. Yes, sir, I would say part of the DSLAM
3 functionality and the entire splitter is the only
4 difference.

5 Q. That must mean that there is some part of
6 the DSLAM functionality that is already resident
7 somehow in the DLC then; is that right?

8 A. Well, yeah, there is some of the
9 functionality that is built into the common equipment
10 card that's in that DSL channel bank as well.

11 Q. When you say functionality in that sense,
12 do you mean higher throughput capacity on the back
13 plain or something different than that?

14 A. I guess all I am saying is the total
15 signal processing required to take DSL signals off of
16 a copper pairs and do what a DSLAM would do to those,
17 resides on the combination of the circuitry on the
18 ADLU card and circuitry that exists on the common
19 control card for that shelf, and the software that
20 drives all that.

21 Q. Do you know specifically what DSLAM
22 functionality is not on the card that you are alleging

1 exists somehow in the common control assembly?

2 A. Part of the ATM multiplexing function, as
3 I understand it, actually resides on the common
4 control card.

5 Q. I thought we were talking just here about
6 DSLAM functionality; not ATM multiplexing
7 functionality. I know you have to multiplex it to get
8 it out.

9 A. That's what the DSLAM does. Maybe we can
10 make this very simple. But the DSLAM essentially
11 takes the signal that comes in off the copper pair and
12 packetizes that or puts it into ATM cell, in other
13 words, does a signal conversion, so to speak, and then
14 the DSLAM multiplexes many of these so-converted
15 signals into a higher bandwidth signal. And so all I
16 am saying, Mr. Bowen, is some of that aggregating of
17 these signals occurs at the common control card.

18 Q. The multiplexing part of that?

19 A. The multiplexing part of the DSLAM. In
20 other words, if you have a stand-alone DSLAM, that's
21 part of your stand-alone DSLAM, is that multiplexing
22 function. That's all that we have been talking about.

1 Q. All right. Again, with your regulatory
2 hat on, am I correct that you will agree that CLECs
3 are not required to basically take one of the other --
4 well, the service offering in general, but they have a
5 right to a menu of whatever UNEs or services are
6 available to them?

7 MR. BINNIG: Well, I will object to the
8 vagueness of the question.

9 MR. BOWEN:

10 Q. I will rephrase it. Throughout your
11 testimony here, Mr. Lube, you are saying "You still
12 keep getting what you are getting right now as CLECs
13 and this is one more option," right?

14 A. I'm sorry?

15 Q. The Pronto wholesale Broadband Services
16 is one more option for you?

17 A. To provide DSL services?

18 Q. Yes.

19 A. Right.

20 Q. And I took that statement to mean, either
21 implicitly or explicitly, to mean that we don't need
22 to get Pronto as UNEs because we already have what we

1 already have a right to on all copper and you are
2 offering us this wholesale Broadband Service so we
3 don't need to get UNEs as well. Is that a fair
4 conclusion what of you are saying here?

5 A. That you don't need to get UNEs? That 's
6 our belief because we do not believe it's required to
7 be unbundled and that it's able to be unbundled.

8 Q. Can you pick up your rebuttal testimony,
9 please?

10 EXAMINER WOODS: Could we go back to that
11 just one minute? Did that question go to necessary
12 and impaired?

13 MR. BOWEN: Maybe.

14 EXAMINER WOODS: Because I think I want to
15 get that clear, because I am not sure exactly where
16 you are at now from what you just said. Is it because
17 you don't believe that Project Pronto meets the
18 necessary and impair standard or because you don't
19 belief that Project Pronto can be broken down into
20 UNEs?

21 THE WITNESS: Both, as actually covered in my
22 prefiled testimony.

1 EXAMINER WOODS: Well, that's what I thought,
2 but I just wasn't sure that that answer to your last
3 question made that distinction clear.

4 MR. BOWEN:

5 Q. Okay. Now rebuttal testimony. You will
6 agree with me that SBC, again I am not asking for a
7 legal conclusion here, but you will agree with me as a
8 lay witness that SBC has an obligation to unbundle its
9 loop network; isn't that fair?

10 A. Those parts of it for which there have
11 been a necessary and impair analysis and are on the
12 list of UNEs, yes, sir, I agree that's fair.

13 Q. What list of UNEs are we talking about?
14 The SBC's list of UNEs?

15 A. Yes, sir.

16 Q. Do you think this Commission has an
17 ability to include additional -- to add to that list
18 on its own?

19 A. As a lay person answer, I believe this
20 Commission has been begin the ability by the FCC to do
21 so after a necessary and impair analysis.

22 Q. Okay. So do you believe that this

1 Commission has the power to require you to offer
2 Project Pronto as UNEs?

3 A. I believe it's -- if this Commission
4 performs a necessary and impair analysis -- and this
5 is a lay answer -- but I believe this Commission would
6 certainly have the ability to order us to do that, and
7 if that analysis were performed, and I guess subject
8 to any appeal that SBC might think necessary.

9 Q. Okay. Now, SBC is not trying to
10 re-monopolize the local loop network by deploying an
11 architecture that it says it can't unbundle, is it?

12 A. I don't believe it is.

13 Q. And if it were doing that, that would be
14 wrong, wouldn't it?

15 A. I believe it could be.

16 Q. Could you look at your testimony, your
17 rebuttal, at page 2, please, the Q and A that begins
18 at line 4. And you are talking about the goals of
19 Pronto. And one of the goals you identify there is to
20 extend DSL capabilities of your loop plan to
21 residential customers; do you see that?

22 A. Yes, sir.

1 Q. Elsewhere you say that what that really
2 means is internet access basically, right, to
3 residential customers?

4 A. It's our belief that that would be pretty
5 much what they would be interested in.

6 Q. But the architecture you are deploying
7 will support a lot more than just internet access,
8 won't it?

9 A. Can you be more specific?

10 Q. Sure. Have you ever heard of the ATM
11 passive optical network notion?

12 A. I have heard of it, yes.

13 Q. What about BRX-based services?

14 A. I am not familiar with BRX-based
15 services.

16 Q. Do you know whether or not your company
17 in its Pronto analysis has ever considered using the
18 Pronto architecture to support APON or BRX-based
19 services?

20 A. Well, since I don't know what BRX
21 services are, I can't answer that part of the
22 question. But I know that my company is looking at an

1 ATM passive optical network type of deployment. But
2 none of that has been finalized.

3 That's actually part of Project Pronto.
4 Project Pronto really has three distinct pieces. One
5 is the Litespan technology and the OCD that we are
6 really talking mostly about today. The second one is
7 the APON type of network that Mr. Bowen referred to.
8 And the third is the ATM switching for voice that, you
9 know, the trunking over ATM possibilities that are
10 being explored and so on. All of that collectively is
11 what SBC regards as Project Pronto. In my testimony I
12 am referring to just the first of those three.

13 Q. Okay. But it's not just about ADSL for
14 internet access, is it?

15 A. The first part of it, as I explained a
16 couple of pages later in my prefiled rebuttal, this
17 first part of Project Pronto which is the deployment
18 of the NGDLC and the fiber and the OCD, that was
19 really believed by SBC to be something that would be
20 responsive to the goals of the Act in terms of
21 advanced services for the general public. So it was
22 trying to get that type of capability, as I said here

1 on page 2, out to a segment of the public that didn't
2 typically have that capability before.

3 So to the extent that that's what SBC was
4 trying to accomplish, you know, for the industry as a
5 whole, in other words for all data carriers to be able
6 to participate in that, then, yes, initially -- and
7 based on what's available, initially it was ADSL
8 internet access for residence customers.

9 Q. We will get to the details of what ATM
10 can or can't do with reference to later parts of your
11 testimony. I am just trying to understand, I think
12 you agreed that it will do more than just ADSL?

13 A. Can I clarify that?

14 Q. Sure.

15 A. I don't agree that what we are talking
16 about in today's hearing which is the NGDLC remote
17 terminal and the OCD and the central office and the
18 fibers that connect those, those are not an APON
19 network, and those will not support that type of
20 network capability. That's a separate subject under
21 the overall SBC umbrella of Pronto.

22 Q. All right. Just for the record, what is

1 APON? What does passive optical network mean?

2 A. Sorry?

3 Q. What does passive optical networking
4 mean, the APON mean?

5 A. It means to me that it's an optical
6 network that doesn't have active devices such as
7 electronic devices that does multiplexing and
8 demultiplexing and stuff like that. It's basically
9 where you have a network of fibers and you are able to
10 branch that out to reach multiple locations using
11 these power splitters. Rather than being frequency
12 splitters like we think of for DSL, APON uses power
13 splitters that then send the same set of frequencies
14 out to multiple locations. And it's the passive
15 optical network or, in other words, the APON device,
16 that's A-P-O-N device, is actually this non-electronic
17 type of power splitter. That's all that that is
18 referring to.

19 Q. Is it fair to say that Pronto, although
20 the first application is internet access using ADSL,
21 really is your network for the future; isn't that
22 right?

1 A. Well, I would describe it this way. We
2 regard this part of Pronto that we are here to talk
3 about today as a growth vehicle for POTS and an
4 enabling vehicle for DSL services. And we ultimately
5 believe it will not just be ADSL internet access
6 limited. We believe through our collaborative
7 processes that are described in our testimony that the
8 capabilities will go beyond that.

9 Q. Okay. I take it, though, that even the
10 current version of Pronto architecture will support
11 both TDM and ATM-based services; is that fair?

12 A. Separately it supports both, that's fair.

13 Q. Would you agree that SBC should not be
14 allowed to dictate other carriers' use of its loop
15 plan?

16 MR. BINNIG: I guess I will object to the
17 relevance of the question.

18 EXAMINER WOODS: I don't know who "its" is.

19 MR. BOWEN: I'm sorry?

20 EXAMINER WOODS: I don't know who "its" is.

21 MR. BOWEN:

22 Q. Would you agree that SBC should not be

1 allowed to dictate other carriers' use of the SBC
2 outside loop plant?

3 A. Let me answer that this way. If we are
4 talking about a CLEC's use of copper pairs and one
5 CLEC wants to put IDSL on a pair and another CLEC
6 wants to put POTS on an adjacent pair, and those are
7 accepted forms of transmission that can occupy those
8 pairs compatibly, next to each other, then I don't
9 think there ought to be any dictating with regard to
10 how those pairs are used in that compatible kind of a
11 manner.

12 I think maybe what Mr. Bowen is asking me
13 is, in the case of the Project Pronto architecture,
14 those facilities need to be utilized very carefully.
15 Because what you have on that shared ATM facility for
16 one customer could impact the type of service that's
17 able to be provided to other customers that are served
18 over that platform.

19 Q. When you say that -- we will get there
20 more towards the end of this testimony -- you are
21 talking here about the different ATM quality of
22 service classes like unspecified bit rate and constant

1 bit rate; are you not?

2 A. Yes, sir.

3 Q. Just so this part of the record is clear,
4 you are saying that constant bit rate, permanent
5 versus circuits, take up more bandwidth than
6 unspecified bit rate PVCs do; is that right?

7 A. Yes, sir, they do.

8 Q. And you talked about that a little bit
9 later in your testimony, haven't you?

10 A. Yes, sir, but I raise that point at this
11 point in your questioning because in terms of -- I
12 hate to use the word "dictate" -- but in terms of SBC
13 being able to specify what types of service a CLEC can
14 provide on a quote, unquote loop facility, there are
15 some conditions in the Pronto architecture that need
16 to be looked at carefully.

17 Q. Let's stick more narrowly, not talk about
18 constant bid rate versus unspecified bid rate yet.
19 Let's just talk about unspecified bid rate which is
20 what you are offering up as the wholesale Broadband
21 Service, right?

22 A. So far.

1 Q. So far. That's one of the ATM quality of
2 service classes, isn't it?

3 A. Yes, sir, that's correct.

4 Q. And you can use this to support
5 ADSL-based services, internet access basically, right?
6 That's one of the things you can support with that?

7 A. One of the things you can support with
8 that, yes.

9 Q. Now, I take it that it will support all
10 of the throughput functionality of ADSL, right?

11 A. It being the Project Pronto architecture?

12 Q. The unspecified bit rate fiber transport,
13 ATM fiber transport peace of the architecture will
14 support what ADSL can offer, right?

15 A. Yes, sir.

16 Q. What ADSL can offer, given the short
17 enough loop, is what? Roughly eight megabits
18 downstream by about one upstream?

19 A. And perhaps a little less upstream, like
20 maybe 800 or whatever kilobits upstream, but, yes,
21 that's pretty close.

22 Q. I appreciate that answer and that

1 clarification. Let's just call it an eight by one
2 connection, okay?

3 A. Yes, sir.

4 Q. Now, are you proposing and what you are
5 offering us, the wholesale Broadband Service, are you
6 proposing to offer us an unspecified bit rate PVC that
7 will support eight by one ADSL?

8 A. I believe that that's -- yes, I believe
9 that's correct. In other words, what I am trying to
10 say is, when we make the service available to you, you
11 can specify profiles for individual end users that --
12 and each profile would relate to a retail service you
13 might offer, and you can offer different combinations
14 of up and downstream bandwidths or bit rates. Yes, if
15 you wanted to -- well, actually, let me also add to
16 that. I believe that the traffic engineering, so to
17 speak, for the Project Pronto architecture presumed a
18 nominal downstream bandwidth for all the ADSL users of
19 1.5 megabits. So I think that may be more nearly the
20 answer to your question.

21 Q. Well, let me refer you again to the May
22 24 version of the Accessible Letter offering the

1 wholesale Broadband Service. Nevermind, I won't do
2 that.

3 Is it fair to say that you would agree
4 that the limits on permanent virtual circuits provided
5 in an unspecified bit rate ATM quality service class
6 -- I apologize for all of the acronyms -- but that's
7 what you are offering us here, that is, the limits of
8 that should be the technical limits of that service
9 and not any other non-technical limitation?

10 A. I believe that would be correct.

11 Q. For example, you would agree that it
12 wouldn't be appropriate to limit Rhythms if it wanted
13 to buy the wholesale Broadband Service to the maximum
14 rate that, say, AADS might want to offer at retail?

15 A. I totally agree with you there. You
16 should be able to offer what ADSL speeds that the
17 system is capable of handling, I should say, the
18 platform is capable of handling, irrespective of what
19 AADS offers.

20 Q. Good. Now, am I correct that right now
21 SBC is in technical trials for voice-over ADSL
22 services?

1 A. I believe that we are looking at that
2 technology. I don't personally know of whether that
3 would be a real customer technical trial. I believe
4 we have got it in a laboratory.

5 Q. I think you do, okay. And just so we are
6 clear, this is not POTS. This is derived voice
7 channels on the ADSL bandwidth, right?

8 A. Yes, sir, that's correct.

9 Q. And it will be handled just like a data
10 signal running back over the ATM fiber and OCD and so
11 forth; is that correct?

12 A. Yes, sir that's correct.

13 Q. Separately from the ATM POTS side of that
14 architecture; is that correct?

15 A. Correct.

16 Q. Now, first of all, you need to have your
17 vendors support that technology, right? You can't
18 deploy unless you have got something to deploy?

19 A. That's correct.

20 Q. And your vendor is Alcatel, right?

21 A. For the most part, as we described
22 earlier.

1 Q. So you have Alcatel equipment in the labs
2 right now testing voice-over DSL, right?

3 A. I'm not sure whose equipment it is for --
4 I'm sorry, let me back up. I think we are looking at
5 that technology. I would assume that if Alcatel has a
6 product that plugs into the Litespan remote terminal,
7 that we would be looking at that, too. I am not
8 personally familiar with the details of that testing
9 that's going on for that technology.

10 Q. Well, you are the Pronto guy that we have
11 got so I will get as far as I can with you.

12 A. Okay.

13 Q. Well, let's assume that Alcatel does have
14 equipment that's compatible with your Alcatel Litespan
15 DLCs and will support voice-over DSL?

16 A. Okay.

17 Q. Let's assume that your trial is
18 successful and you agree that it works, okay? Can you
19 agree with that hypothetical?

20 A. Yes, I can.

21 Q. Keep those two in mind. Now, I take it
22 given your earlier answer that we should be able to

1 use -- the limit on our use should be the technology
2 limits, that you would then agree that if Rhythms
3 wanted to deploy Alcatel voice-over equipment, you
4 would say that's okay with us.

5 A. Let me clarify that. It's not a blank
6 check, so to speak, on that because earlier we were
7 talking about all the capabilities of unspecified bit
8 rate and whether a CLEC ought to be able to use those
9 to its fullest capabilities.

10 When you go to voice-over DSL, because
11 you can't tolerate much delay with voice conversation
12 or else it would sound really strange, then voice-over
13 DSL is generally regarded as requiring constant bit
14 rate ATM quality of service class, and that is
15 something that even though it may technologically
16 work, I mean, all the piece parts that are made by the
17 manufacturer may work just fine. Before we can just
18 automatically say yes, anybody that would like to use
19 this ought to be able to use this immediately, we want
20 to be able to determine whether this is going to have
21 an impact on the capacity of our remote terminal, and
22 that there is no other degradation as I have explain

1 in my testimony caused to other users of that shared
2 bandwidth in that fiber pipe between the remote
3 terminal and the central office.

4 Now, we are looking at constant bit rate
5 as a future offering for the Broadband Service. And
6 if we can, working with the vendors and the CLECs,
7 determine a way to make this work, then it will be
8 rolled out on an RT by RT basis, you know, the
9 capability to provide that type of service.

10 Q. Well, why don't we just flip back now to
11 your detailed recitation of that point? I think it's
12 back in your surrebuttal at 32 or so.

13 A. I'm sorry, do you mean my rebuttal?

14 Q. Rebuttal 32 and 33, you have the ATM
15 quality service classes discussed. Do you see that?

16 A. Yes, sir.

17 Q. And the next page 33 you are talking
18 about using other ATM quality of service classes
19 besides unspecified bit rate can result in, as you put
20 it, significant portions of the total bandwidth be
21 allocated to some DSL end users and, therefore, less
22 of a total bandwidth capacity being available for the

1 remainder of the users. Do you see that?

2 A. Yes, sir, that's correct.

3 Q. And I think in your surrebuttal testimony
4 you have got some further response on page 5 of the
5 same issue. That's Mr. Clausen. Do you see that?

6 A. Yes, I do.

7 Q. And here you are saying that using
8 unspecified bit rate quality of service class
9 assumptions and a nominal downstream bandwidth of 1.5
10 megabits, you can get 672 separate DSL end users from
11 a bandwidth. Do you see that?

12 A. Yes, sir, I do.

13 Q. And then you assert that if everybody has
14 CDR, it would cut the capacity to a hundred end users.
15 Do you see that?

16 A. At a 1.5 megabit bandwidth for each of
17 those CDR users, that's correct. That was our
18 estimate.

19 Q. Well, I take it that all your discussion
20 here is assuming that you don't somehow increase the
21 throughput capacity of the DLC and the fiber
22 transmission bit rate back to the office; isn't that

1 fair?

2 A. That is fair, and that's part of what
3 would have to be looked at in terms of being able to
4 accommodate CDR in the future.

5 Q. So you are looking here at your assumed
6 separate fiber running OC-3c capacity back to the OCD,
7 right?

8 A. Yes, sir.

9 Q. And that OC-3c has a transmission rate of
10 155 megabits per second, right?

11 A. Yes, sir.

12 Q. And that 155 megabits transmission,
13 that's how you figured it out; you took that capacity
14 and said, okay, UBR at 1.5 megabits, I can get 672 of
15 those in there; is that right?

16 A. In fact, you can probably get a little
17 bit more than 672, but 672 is the physical slot
18 capacity of one of the RT configurations that we are
19 deploying.

20 Q. What is that? Three channel banks?

21 A. That is three channel banks, yes, sir.

22 Q. There is nine channel banks in the RT,

1 right?

2 A. Yes, sir. But I need to clarify
3 something else that you were referring to before.
4 Where I got down to the 100 end users under CBR, CBR
5 is a fixed bandwidth. It is not a function of end
6 users vying for that or, you know, competing for that
7 same bandwidth in that pipe. But CBR, each end user
8 is guaranteed a fixed amount of bandwidth, so that's a
9 fairly straight-forward calculation to figure out how
10 many end users you could get in that pipe.

11 Q. You mean a fixed bandwidth just like the
12 fixed bandwidth on the TDM side with a 8 by 64
13 channel?

14 A. Well, on the TDM side there is a time
15 slot interchange --

16 Q. It is a fixed bandwidth on the TDM side,
17 isn't it?

18 A. Once a call is established on the TDM
19 side, yes, it is a fixed bandwidth.

20 Q. And the CDR is a fixed bandwidth?

21 A. That's correct, but a much larger
22 bandwidth, obviously.

1 Q. I should be able to get that as a UNE
2 then because it's a fixed bandwidth, right, as opposed
3 to these unspecified ATM?

4 A. It still doesn't have the same interface
5 specifications as the OCD end of the service.

6 Q. I thought we were close on that. But
7 that's a fixed bandwidth; we have got that right?

8 A. For that particular DLS class, that's
9 correct.

10 Q. Now, but you aren't limited to a hundred
11 end users really, are you? You could say, okay, I
12 want to take my Alcatel 2000 with two outgoing OC-3s,
13 technically one OC-3c and one OC-3, and make it a 2012
14 and have four OC-3s, right?

15 A. That's not how the 2012 works. The way
16 the 2012 is built by Alcatel is there are in fact four
17 OC-3s. One is destined to be for the OC-3c data, and
18 the second is the OC-3 for the voice, and the other
19 two OC-3s are available for other high speed services
20 that end user customers may desire. Those port on
21 that SONET. That built in SONET multiplexing
22 capability in the 2012 is not, as I understand it, not

1 directly usable by the data channel banks.

2 Q. I don't think that's right, Mr. Lube. I
3 want you to check that overnight with me. My
4 understanding is that, of the four OC-3s, three of
5 them can be used for data and one TDM for voice. Can
6 you check that?

7 A. I tell you, I think I do stand corrected
8 on that. Because what I described to you is the way
9 the 2012 is to be initially deployed. And let me
10 clarify my answer by saying, we are not deploying
11 2012s which cost more money to deploy. We are not
12 deploying those unless we already have other high
13 capacity bandwidth for those other OC-3s. If we have
14 other -- I say bandwidths -- other capacity demand for
15 those other OC-3s, if we have demand from other
16 customers or other kinds of services for those other
17 OC-3s, then they are no longer available to be used
18 for additional OC-3cs for the Litespan. Now, if we
19 don't have other uses for those, then I agree with
20 you, technically they can be used, at least that's my
21 understanding from the Alcatel product.

22 Q. What I am trying to get you to agree with

1 me is that a hundred user constraint that you are
2 identifying on page 5 of your surrebuttal testimony
3 only is a constraint if you assume no move from an
4 Alcatel 2000 to a 2012. If you assume you can move
5 from a 2012, you get more capacity for throughput,
6 right?

7 A. Well, I might explain that if the desire
8 was to obtain more OC-3cs between the RT and the
9 central office of OCD equipment, there are other ways
10 to do that besides upgrading to a 2012. If there is
11 fibers that are available between the CO and the RT,
12 additional OC-3cs could be established on additional
13 fiber strands. It would not have to be a 2012
14 upgrade. The electronics is much more expensive than
15 the last.

16 Q. Okay. So how many more -- how many total
17 OC-3cs or just OC-3s in general can Alcatel 2000
18 support, given unlimited fibers? How many?

19 A. Each data -- each channel bank within the
20 RT that's used for DSL, in other words, used for data,
21 has one output on it. So depending on how many data
22 channel banks you have in that RT, if you have three

1 in that RT, then three would be the most.

2 Q. And what if you have more than three?

3 There is nine channel banks, right?

4 A. Oh, you mean more -- well, okay. If you
5 are talking about a cabinet, not a CEV or a hut, you
6 know, a small building, then the current electronic
7 equipment that we have from Alcatel today puts out an
8 amount of heat such that the most data that you can
9 get in that nine channel bank configuration, just as a
10 for instance, is three.

11 Q. So given that current constraint, you
12 could say with a current Alcatel 2000, I am going to
13 have one OC-3 for the TDM POTS traffic, if you will,
14 and three OC-3cs for data, right?

15 A. Ultimately, you could.

16 Q. So you don't even need to go 2012, right?

17 A. That was my point a minute ago, yes, sir.

18 Q. And if you did that, you would get
19 additional throughput capacity on a constant bit rate
20 type quality of service class, right?

21 A. You could withstand more of it than you
22 could with a single OC-3c.

1 Q. Is it linear? Would you -- if you had
2 three instead of one, could you triple your capacity?

3 A. That's exactly what I was going to add
4 is, just as a benchmark we could say that if you have
5 CBR at 1.5 megabit, current end use, and you had three
6 OC-3cs, then yes -- let's say 300, that's still a lot
7 smaller than the 672 that the slots have capacity for
8 in that three channel bank configuration or three data
9 channel bank configuration that we are talking about.

10 Q. But, again, we are talking about
11 technology that could be deployed in a line-sharing
12 configuration, aren't we? The voice-over DSL using
13 the ATM technology we are talking about can be
14 deployed in a line-sharing configuration; is that
15 right?

16 A. Well, let me explore that with you. If a
17 customer wants voice-over DSL and wants voice-under
18 DSL, so to speak, I guess if they wanted both of
19 those, I assume technologically you could line-share
20 that.

21 Q. Okay. I want to make sure that we are
22 talking about something that is within the scope of

1 this case and you are agreeing with this. This
2 technology we are talking about can be used in a
3 line-sharing configuration?

4 A. Over the copper part, yes. But remember
5 my testimony clearly states that my position is that
6 line sharing only occurs over the copper, not over the
7 fiber part of the platform.

8 Q. And I had almost forgotten that but thank
9 you for recalling that.

10 A. Happy to do so.

11 Q. Let's talk about your assertion on page 3
12 and 4 where you are responding to Ms. Murray. You are
13 asserting here that it's not -- it's technically
14 impossible -- that's your words here on page 4 -- to
15 combine voice and data signals on the same fiber using
16 the NGDLC equipment, the NGDLC system, to deploy
17 Project Pronto. Do you see that?

18 MR. BINNIG: In the rebuttal testimony?

19 MR. BOWEN: I'm sorry, rebuttal.

20 A. Yes, I do. I am referring to the varying
21 equipment that we are deploying unless it is a 2012.

22 Q. Let's talk about that. Isn't it correct

1 that the Alcatel Litespan 2000 equipment you are
2 deploying is capable -- whether you have chosen to
3 deploy it that way or no -- is capable of combining
4 the ATM bit stream and a TDM bit stream on a single
5 set of fibers by using two different transmit
6 frequencies, that is the 1300 series nanometer
7 frequency and a 1550 series nanometer frequency, and
8 in fact have two different channels on the same fiber
9 going back; isn't that a fact?

10 A. It is a fact that Alcatel makes that
11 capability. It requires additional equipment to make
12 or to use that capability. I would liken it to an
13 example like this. If I go buy a Ford Explorer
14 without a towing package, I am not going to pull a
15 very big load with that Ford Explorer. I have chosen
16 to buy the Ford Explorer without that capability.

17 All I am saying in this instance is our
18 equipment does not -- our deployment of Project Pronto
19 does not have the additional Alcatel equipment that
20 would be required to do wave length division
21 multiplexing, just as you described it.

22 Q. But Alcatel is willing to selling that to

1 you, aren't they? It's available right now?

2 A. Oh, they would like a lot more money from
3 us, if they could get it.

4 Q. Is that a yes?

5 A. Mr. Bowen, it is just not cost effective
6 for us to use that additional equipment and pay that
7 additional cost. You asked me if they would like to
8 sell it to me or would sell it to me. Of course, they
9 would if I wanted to buy it.

10 Q. Is it available right now in the
11 marketplace?

12 A. I understand it's available from them
13 right now, but it is not cost effective for our
14 deployment to use that additional equipment.

15 Q. You have chosen not to go that route and
16 instead have chosen your version, for the reasons that
17 you gave, to use separate fibers for the voice and
18 data signals; is that right?

19 A. Yes, sir. There is no technical need or
20 reason to put them on the same fibers. So as to avoid
21 that extra cost we are using separate fibers for the
22 voice and data.

1 Q. Okay. So I can't decide whether your
2 testimony on page 4 is just wrong or very clever. You
3 say it's technically impossible to combine the voice
4 and data signals on the same fibers. It's not, is it?

5 A. I said using the NGDLC system deployed in
6 the Project Pronto. I didn't qualify that answer. As
7 I said elsewhere in my testimony, I agree with your
8 sentence that it is technically feasible to put voice
9 and data over the same piece of glass. That is
10 absolutely feasible. But you cannot make equipment
11 that's not bought and equipped to do that do that
12 thing. It won't do what it can't do.

13 Q. So if I can translate this, this sentence
14 here, it's not impossible; in fact, it's offered in
15 the marketplace to have voice and data ride the same
16 fiber, but your particular choice of deployment didn't
17 do it that way. So given that, it's impossible; is
18 that a fair statement?

19 A. That's exactly what I mean, yes, sir.
20 But I might add that there was no sinister reason to
21 choose to put these signals on separate pieces of
22 glass. We were trying to make a cost effective

1 deployment of this equipment.

2 Q. Well, don't you use this as one of the
3 chief reasons as to why we can't get a UNE? Because
4 it's on separate fibers?

5 A. I guess.

6 Q. So there can't be line sharing?

7 A. I guess there is a lot of to do about
8 something, I am not sure what it is. But, I mean,
9 even if it's on the same fiber, it's our position that
10 that's not an HFPL or there is no HFPL on the fiber.

11 I mean, let's go back to what the FCC
12 established. They said on the Line-sharing Order that
13 on a copper loop -- and they are very explicit about
14 that in paragraph 26 and in 51-319(h)(1), they are
15 very specific that that is a copper loop. And so what
16 we are saying is, or what the FCC said was, if you
17 have a copper loop and you define the HFPL on that
18 copper loop, that HFPL is a UNE. What I am trying to
19 say is, whether it's ten fibers or one fiber in the
20 fiber part of that system, that's not an HFPL UNE as
21 defined by the FCC.

22 Now, if this Commission would like to

1 establish a fiber analogy to that unbundled HFPL, I
2 believe, as we discussed a little while ago, that if
3 they perform a necessary and impair analysis, and
4 subject to SBC's appeal as however we think that
5 whatever would be appropriate, then, yes, that could
6 be done. But what we are deploying is not an FCC HFPL
7 UNE in any way, shape or form, one fiber, two fibers,
8 tenfibers.

9 Q. Don't you use the fact that you have
10 chosen to deploy the voice and data on separate fibers
11 as one of the many reasons why we can't have this as a
12 UNE?

13 A. I have used this in my testimony only to
14 explain that we cannot physically fiber share, if I
15 may coin that term, voice and data signals on the same
16 fibers because the equipment won't do it. The
17 equipment that we have deployed won't do it. Even if
18 we did do that, it would still not be line sharing.
19 Line sharing is on a copper loop. The FCC
20 specifically said at Footnote 27 that it was not even
21 addressing fiber-fed digital loop carrier in the
22 Line-sharing Order.

1 Q. Let's talk about that for a second.
2 That's the bottom of page 4, right? You, in fact,
3 quote that and you give us a Footnote 27 citation,
4 right?

5 A. Yes, sir, I sure did.

6 Q. Now, so you are saying that the FCC
7 didn't consider whether or not line sharing was
8 feasible on fiber-based systems, right?

9 A. They did not -- they did not address it,
10 undertake an analysis about it, define anything about
11 it, no, sir.

12 Q. But SBC knew about Project Pronto during
13 the comment cycle in the line-sharing case at the FCC,
14 right? You knew you were going to be deploying it?

15 A. It was being looked at in early 1999, I
16 believe, is when the analysis began. I think that's
17 right, subject to check, either '98 or '99. I can't
18 remember what year they started to look at that.

19 Q. Wasn't the famous investor briefing
20 announcement October 1998?

21 A. No, sir.

22 Q. In '99?

1 A. Yes, sir.

2 Q. Wasn't the planning cycle for and all of
3 the financial roll-ups performed at least six to nine
4 month before that?

5 A. That's why I said I believe early '99.
6 That was my best guess of when that started.

7 Q. So in plain English, you knew about
8 Project Pronto during the comment cycle of the
9 Line-sharing case, right? Not you, but Ameritech and
10 the SBC did?

11 A. I'm not sure what that's accomplishing to
12 make that observation because --

13 Q. Well, that's my issue. Didn't you know
14 about Pronto when you were writing your comments to
15 the FCC on line-sharing?

16 MR. BINNIG: I object to the foundation. I
17 don't know if he has established that Mr. Lube wrote
18 the comments on line-sharing.

19 MR. BOWEN:

20 Q. Mr. Lube, didn't Ameritech know, didn't
21 SBC know, about its plan to deploy Pronto when the FCC
22 was writing its comments on line-sharing?

1 A. I suppose that the two happened on
2 parallel tracks.

3 Q. Did SBC disclose its plan at that point
4 to deploy Pronto architecture in its comments?

5 A. I don't recall.

6 Q. It didn't, did they?

7 A. I have no idea.

8 Q. Okay. Well, the FCC Order doesn't
9 preclude a conclusion, as you read it, that
10 line-sharing is possible over fiber-based transmission
11 systems, does it? It just doesn't address it?

12 A. Well, they specifically define it as
13 copper. I don't recall ever seeing a paragraph that
14 said no regulatory agency can look at line-sharing
15 quote, unquote over fiber. No, I don't recall seeing
16 that.

17 Q. Okay. Well, isn't it true that at the
18 time that you were negotiating with the common carrier
19 bureau at the FCC with respect to the merger
20 conditions that were going to apply to the
21 SBC/Ameritech merger, you were in the process of
22 planning your Project Pronto?

1 A. Those two were going on at the same time
2 as well, yes, that's correct.

3 Q. So you would agree with FCC Commissioner
4 Furchtgott-Roth's statement, I am quoting here, "It is
5 worth noting that at the time the bureau was engaged
6 with SBC in negotiating the merger conditions, SBC was
7 in the process of planning its roll-out of Project
8 Pronto," does that sound right to you? This is the
9 waiver order.

10 A. Okay, I mean, if that's what it says.

11 Q. Does it sound like it's accurate to you?

12 A. Well, you just asked me the question if I
13 thought they were going at the same time and I
14 answered yes, they probably were.

15 Q. When were those negotiations happening?

16 A. With the merger order?

17 Q. Yes.

18 A. I suspect during the summer of '99.
19 That's just my recollection. I don't believe, in my
20 mind, that there is any sinister desire to relate our
21 particular choice of how many fibers to use for
22 Project Pronto to have anything to do with explicitly

1 or even implicitly with merger conditions or -- I
2 mean, this is an architecture that was studied to see
3 what would be the most cost effective way to roll-out
4 this capability for end users to be able to obtain DSL
5 services. If you are exploring something beyond that,
6 I can't imagine what you are trying to establish with
7 that.

8 Q. I am just asking a few simple questions,
9 Mr. Lube.

10 A. And I am trying to answer them as best I
11 can.

12 Q. Okay. Come back with me please to your
13 rebuttal testimony at page 7. And you are talking
14 here again in the context of the transcript, you are
15 talking here about what you call voluntary commitments
16 and whether those commitments precluded Ameritech from
17 retiring any of the existing copper loop plant. Do
18 you see that?

19 A. Yes, I do.

20 Q. And I take it that there is some
21 conditions under which the existing loop plant that's
22 there can be retired when you deploy Pronto; is that a

1 fair conclusion to draw from this part of your
2 testimony?

3 A. Let me answer you this way. For the
4 first year, in other words through September of 2001,
5 we are not, by the FCC's recent Project Pronto order,
6 allowed to retire any mainframe-terminated copper
7 except unless as required by an act of God. If there
8 are these other conditions that I have described in
9 the middle section of page 7 that exist, we have to
10 find other ways to work around those issues and still
11 continue to provide customer service for that first
12 year.

13 Q. I read that. And then you have got a
14 five percent cap through September of 2003; is that
15 right?

16 A. Yes, sir, that's correct.

17 Q. And that's at the bottom of page 7, top
18 of page 8; is that right?

19 A. That's correct.

20 Q. I want to talk about what happens post
21 September 2003 when those two conditions are not there
22 any more. That's right, isn't it, those commitments

1 and those conditions are no longer in effect as of
2 September of 2003?

3 A. Those specific limits are no longer in
4 effect as of 2003.

5 Q. So then the ones that are on page 7,
6 lines 6 through 18 kick in, right?

7 A. As necessary and as economic to the
8 business.

9 Q. Well, isn't it a fact that fiber is a lot
10 cheaper to maintain than copper facilities?

11 A. Generally, yes, but you won't place fiber
12 for just any length of loop facility. There are
13 distances where copper is still the more economic
14 choice, even taking into consideration maintenance,
15 ongoing maintenance.

16 Q. Well, didn't the SBC investor briefing
17 say that the \$6 million in investment in Project
18 Pronto would be completely recovered by maintenance
19 savings on a present value basis?

20 A. I believe it referred to that, and that
21 savings that it was referring to is the savings that
22 come from the other aspects of Project Pronto like the

1 replacement of circuit switch tandem switches with ATM
2 switches. Those maintenance savings were not just the
3 Litespan NGDLC platform that we are talking about
4 right now.

5 Q. Well, all I am trying to get you to agree
6 is that your own company has said that it's a lot
7 cheaper to maintain fiber than copper; isn't that
8 true?

9 A. That's a generally correct statement.
10 But, again, it's not -- you still have to plug
11 maintenance into the overall economic equation, you
12 know, first cost and then ongoing maintenance. And it
13 varies by, you know, outside plant job by outside
14 plant job.

15 Q. Wouldn't it be even cheaper for SBC to
16 deploy Pronto and to take out of service all the
17 existing home run feeder cables that now serve those
18 DAs?

19 A. Well, again there is an economic equation
20 involved. I mean, if you are talking about --

21 Q. This is a simple one, isn't it?

22 A. Well, no. If you are talking about just

1 looking at one cost which is ongoing maintenance of
2 cable, you could say -- you could draw the conclusion,
3 yes, that would be cheaper. But you also have in the
4 equation to decide whether to do that or not what you
5 have to buy in terms of new fiber, the expense you are
6 going to incur working customers off of existing
7 copper to new fiber, and most importantly, very much
8 most importantly, the electronics at the end of those
9 fibers are very costly. So if you just ask me about
10 maintenance of cable, yes, fiber maintenance is less
11 expensive than copper maintenance. But you cannot
12 just wholesale replace an existing copper network
13 based on that one cost factor, because you have to
14 build the capacity on the fiber with the electronics
15 at the ends to light it in order to be able to do
16 that.

17 Q. I thought we were talking right now about
18 bringing high bandwidth services to people who now
19 have, at best, dial out modems over wire pairs?

20 A. That's what the overlay deployment of
21 Project Pronto is attempting to accomplish.

22 Q. So if you roll all those existing voice

1 or modem customers over to Pronto, you are rolling a
2 bunch of 64K channels across, right?

3 A. I don't understand the last part of your
4 question.

5 Q. You are rolling a bunch of voice-grade
6 channels over of copper onto the Pronto band, right?

7 A. If those end users subscribe to DSL,
8 right, but not otherwise.

9 Q. I want you to assume the context here is,
10 isn't it by definition a lot cheaper to maintain one
11 feeder plant network instead of two, that is, one
12 Project Pronto-based feeder network instead of an
13 overlay front?

14 MR. BINNIG: I will object to the question as
15 being asked and answered.

16 EXAMINER WOODS: I don't think that one was.

17 A. I guess what -- if you are saying, if you
18 are talking about maintenance expenses only, like
19 maintenance of two networks versus one, the one being
20 fiber, you still have before you as a business to
21 decide to do something like that, in other words,
22 replace all that copper network and the end users that

1 are -- and there still are POTS-only end users or ISDN
2 users only on that copper network, then you have to
3 factor in all the additional costs that are required
4 to do that, as I explained just a minute ago. So you
5 will not -- SBC will not make a decision based on just
6 cable maintenance of two networks versus one or fiber
7 versus copper. It will look at all the related costs.

8 Q. Wouldn't it be cheaper -- again, isn't
9 the common way to analyze these kinds of decisions on
10 a present net value basis?

11 A. That's a very common way to do that.

12 Q. That's how SBC does that?

13 A. Yes.

14 Q. That's how it analyzed the Pronto
15 investment, isn't it?

16 A. To my understanding that's how. I did
17 not do that analysis, but I understand they did do
18 that.

19 Q. Isn't it cheaper on a net value or
20 wouldn't it be cheaper on a net value basis to retire
21 the copper and retire the existing copper feeder plant
22 that now serves the DAs, that Pronto could serve,

1 everything being considered, isn't it a better net
2 present value to just retire the copper?

3 A. I don't know. I haven't done that
4 analysis.

5 Q. When you use the term "retire," do you
6 mean remove or simply take out of service and leave in
7 place?

8 A. Well, it could be either, depending on
9 the situation. If it's in conduit, you would
10 literally remove it to reclaim the conduit duct. If
11 it's buried, you would take it off the books, take
12 service off of it, and probably leave it in place.

13 Q. Okay. Fair enough. Now, you see the
14 five situations on page 7 where you could actually
15 retire -- remove or not -- but retire that existing
16 copper facilities?

17 A. Yes, I do.

18 Q. Number one is cables that can't continue
19 to provide adequate levels of service; do you see
20 that?

21 A. Yes, I do.

22 Q. What's that mean in English? That is you

1 can't make an ATV loop out of it or what?

2 A. It just means if the cable is wet and you
3 can't keep pressure on it and you can't maintain your
4 quality of service even for POTS.

5 Q. What quality of service?

6 A. Well, I guess I am referring in my
7 example to just POTS service.

8 Q. ATV loops?

9 A. Oh, yes, I'm sorry. That's what you
10 asked a minute ago. Yes, that's correct.

11 Q. Now number two says cables that have
12 become uneconomical to maintain. And that one caught
13 my eye, Mr. Lube. What's the possibility, do you
14 think, that given your answer that fiber is cheaper to
15 maintain than copper that in, say, October of 2003
16 Ameritech will announce that, well, existing copper
17 cables are no longer economical to maintain because
18 fiber cables are cheaper so we are talking them out of
19 service?

20 A. The decision to take a cable out of
21 service for the reason of being uneconomical to
22 maintain will look at more than just the maintenance

1 cost of maintaining that copper. It will also look at
2 what is the cost of the facilities, including
3 electronics required to replace the services that are
4 on that cable today.

5 Q. Fair enough. So it would be possible for
6 SBC, under the conditions you have described here, the
7 limitations that apply to you as of October of 2003,
8 to do a new net present value of analysis and if it
9 came up with a better net present value for
10 Pronto-only architecture, that could be -- that could
11 meet condition number two, that is, that the copper is
12 no longer economical to maintain; isn't that fair?

13 A. It could. But let me add to this,
14 though. Normally, that condition is talking about not
15 just a normal copper cable out there and just the
16 normal maintenance required for that. We are talking
17 about a cable that requires an undue and much greater
18 than normal amount of maintenance to keep it
19 operational.

20 Q. But sitting here today, the best we can
21 expect in terms of a guarantee basis is the copper
22 will be there until September 2003; is that right?

1 A. That's what's in the commitments.

2 Q. Okay. All right. And is there any
3 commitment at all in terms of any percentage of copper
4 available after the September 2003 time period?

5 A. No, sir, there were none in the FCC's
6 order.

7 Q. And you had not made any voluntary
8 commitments prior to the FCC capturing those as
9 conditions, had you, beyond September of 2003?

10 A. Not to my knowledge.

11 Q. That's about the time that Pronto
12 deployment is complete, isn't it?

13 A. It was a three-year roll-out. I believe
14 that included -- I believe the Pronto roll-out is 2002
15 for its initial three years. It would be 2000, 2001,
16 2002, and this commitment goes through September of
17 2003. So, no, I don't think they align.

18 Q. So it's shortly after the Project Pronto
19 Phase 1 is completed, right?

20 A. Well, perhaps almost a year after.

21 Q. What about Phase 2, in that second and
22 third year?

1 A. I'm not sure what the exact date on that
2 will turn out to be. There are goals there that are
3 set.

4 Q. That goes beyond the Phase 1 ending,
5 doesn't it, the Phase 2?

6 A. Yes, but I'm not as familiar with the
7 Phase 2 goals and dates as I am what we are deploying
8 right now.

9 Q. But it does involve second and third year
10 sets, right?

11 A. I understand that those have been looked
12 at as part of the roll-out. I don't know for what
13 year.

14 Q. Okay. Now, on page 9 and 10 of your
15 rebuttal, you are responding to Mr. Riolo and I think
16 you guys are agreeing on two out of three. Do you see
17 that at page 9 of 10?

18 A. Yes, I do.

19 Q. You and Mr. Riolo both agree, I take it,
20 then that the Pronto DLCs will be -- will include
21 upgrades and supplements to existing non-DSL capable
22 DLCs, right?

1 A. Yes, that's correct.

2 Q. But you differ with him when he says they
3 would replace; is that right?

4 A. To the extent that replace is different
5 than upgrade, I disagree with him.

6 Q. Okay. So does that mean you are going to
7 leave all of the old DLCs in place forever?

8 A. Of course not. What that means is, as a
9 direct result of Project Pronto, we have no plans to
10 go out and begin a routine removal program or
11 replacement program of non-NGDLC RTs. If there are
12 reasons that they need to be taken out, then they will
13 be. But there are no other reasons besides Pronto.

14 Q. You aren't going to say that you would
15 refuse to replace those even if it made sense to do so
16 for other reasons?

17 A. That's correct. I was not trying to say
18 that. That's why I say as a result of Pronto on page
19 7 of 10, lines 5 and 6.

20 Q. Let's turn back to page 15 and 16. And
21 here you have donned the regulatory FCC interpretive
22 mantle. I am talking about packet switching, okay?

1 A. Yes, sir.

2 Q. You aren't trying to hide behind the
3 packet switching definition to say that you shouldn't
4 have to unbundle Pronto, are you?

5 A. Some CLECs --

6 MR. BINNIG: I am going to object to the
7 characterization of the question.

8 MR. BOWEN: I will restate.

9 Q. You aren't trying to rely on the
10 definition of packet switching to use as the basis to
11 claim that Pronto shouldn't be unbundled because it
12 involved ATM cells, are you?

13 A. I would say that that is part of our
14 overall reasoning, because CLECs have raised the issue
15 that this is packet switching, and as the FCC
16 described in its UNE Remand Order in Paragraph 313,
17 there are specific conditions that, if they all exist,
18 then packet switching must be unbundled. And I guess
19 what I was trying to say a minute ago is, there are
20 some CLECs that have said, ah ha, this applies to
21 Project Pronto, therefore, you must unbundle it. So
22 in response to those beliefs of CLECs generally, I

1 have addressed why this is packet switching but why it
2 is not required to be unbundled per the FCC's UNE
3 Remand Order.

4 Q. Okay. And if you look at page 16 and 17,
5 after you cited the FCC's packet switching conditions
6 for unbundling, you are saying those conditions don't
7 apply to Pronto, right?

8 A. I said they will not normally exist in
9 our network, including Pronto facilities.

10 Q. Okay. And the third reason on page 17
11 that the conditions aren't met, is that you aren't
12 deploying the packet switching equipment for your own
13 end users and, therefore, you don't have to unbundle
14 them. Did I read that correctly?

15 A. Well, yes, sir, because that third reason
16 applies to the fourth condition defined by the FCC
17 which I show on page 16 at lines 15 and 16 where it
18 says the incumbent LEC has deployed packet switching
19 capability for its own use.

20 Q. I take it that you don't include
21 subsidiary companies like AADS in the own-use
22 definition; is that fair?

1 A. That's very fair because they are a CLEC
2 just like Rhythms.

3 Q. So we should be able to get whatever they
4 get in terms of dealing with Ameritech; is that right?

5 A. Yes, sir. And Ms. Chapman will be able
6 to address that for you in great detail.

7 Q. Do you think that would include, for
8 example, access to whatever OSS access AADS gets, we
9 should get, too?

10 A. That would be my understanding. It's
11 supposed to be on the same terms, conditions.

12 Q. Okay. But what you are saying, if I
13 understand your logic here, is that because you are
14 not at the point of deploying packet switching
15 equipment for your own retail end user use but instead
16 you are going to deploy it for our use, we can't use
17 it as a UNE?

18 A. Well --

19 Q. Because we are getting it as the
20 Broadband Service; is that the implication?

21 A. Yes, sir, that's my position because that
22 was one of the conditions established by the FCC in

1 the UNE Remand Order.

2 Q. Okay. Let's talk about collocation of
3 line cards and the non-piece of equipment assertion
4 you are making in your testimony.

5 A. Yes, sir, that's correct.

6 Q. You do say that; is that correct?

7 A. I say it's not a piece of equipment that
8 meets the collocation standards established by the
9 FCC.

10 Q. Where does the FCC say explicitly that
11 you can only collocate a piece of equipment. What
12 order said that?

13 A. I don't believe it said that, Mr. Bowen.
14 But I believe all it has said is these are the types
15 of equipment that would be collocatable equipment, and
16 none of those types of equipment even closely resemble
17 a single plug-in card that plugs into an overall piece
18 of equipment.

19 Q. Okay. Now, you are talking and you cited
20 FCC orders that go back to the 1982 or '92, right, for
21 support for that assertion? '92.

22 A. Yes, sir, the expanded interconnection

1 order.

2 Q. Well, do you think the FCC knew about the
3 existence of ADLU line cards in '92 when it reached
4 that decision?

5 A. No, sir, but there were plug-in cards
6 when they reached that decision. The ADLU card is not
7 the first plug-in card that's ever come along.

8 Q. So I understand your testimony correctly,
9 you are saying that, because the card is not -- to use
10 your term on page 18, line 4 -- the card is not a
11 complete item of equipment, that that precludes it
12 being considered as collocatable; is that right? You
13 aren't saying the FCC said that; you are saying that?

14 A. I am saying, based on the examples that
15 the FCC provided in multiple orders, then it would not
16 be eligible to be collocated for that reason. And in
17 addition to that, the reasons that it does not provide
18 access to a UNE or provide interconnection of two
19 networks for the exchange of traffic.

20 Q. Let's take it one at a time. I just want
21 to deal with it's not a complete piece of equipment
22 part first. Can we do that?

1 A. Yes, sir.

2 Q. We will get to the interconnection and
3 access piece as well. But am I correct, just so I
4 understand this, what you are saying, you are agreeing
5 the FCC has never said you can't collocate an ADLU
6 card, right?

7 A. I have not ever seen where it
8 specifically said that. It's just never specified
9 anything that's that much of a subcomponent of a piece
10 of equipment. In fact, it talks in terms of floor
11 space, and it's kind of difficult to talk about the
12 floor space required for an ADLU card.

13 Q. Well, you know that Rhythms and the other
14 CLECs have made this assertion to the FCC and
15 elsewhere for awhile now, right?

16 A. Yes, sir, that's correct.

17 Q. Did you ever ask the FCC for
18 clarification about whether it was okay to collocate
19 or to consider cards as collocatable equipment?

20 A. I believe the CLECs were doing a very
21 good job of asking the FCC that question.

22 Q. No. Did the SBC ask the FCC that

1 question?

2 A. I don't think we did, but I don't believe
3 we would have needed to because the question was
4 already posed to the FCC by the CLEC community.

5 Q. So you agree it's a pending issue before
6 the FCC?

7 A. I'm trying to recall if that's -- I think
8 that is specifically in either the second or the fifth
9 further notice that's in progress right now.

10 Q. The one where comments were filed last
11 week?

12 A. Yes, sir.

13 Q. And I take it that all the definitions
14 that you are citing about what kind of equipment by
15 example can be collocated, all of those are
16 pre-Project Pronto; aren't they?

17 A. I'm not sure what you mean by pre-Project
18 Pronto.

19 Q. Well, if you look at page 19, you have
20 got some more citations from the FCC orders about
21 collocation?

22 A. Yes, I do.

1 Q. Those are -- the order that has those
2 definitions in there pre-dates Project Pronto, doesn't
3 it?

4 A. Yes, I think it actually, as far as when
5 the FCC released it, I think it does. But, again,
6 plug-in units have been around for a long, long time.
7 And it's -- you know, the FCC has had ample
8 opportunity in all of these past rules and decisions
9 that it has rendered to include individual plug-ins if
10 they had so seen fit to do that. And they have not
11 seen fit to do that.

12 Q. Well, nobody ever asked them to before,
13 did they?

14 A. I don't know whether they have or not.

15 Q. SBC hasn't asked them, have they?

16 A. SBC would have had no reason to ask them.

17 Q. All right. So let's talk again about
18 your second reason why we shouldn't be allowed to
19 collocate these cards, and that's that you are saying
20 it's not a means by which you can access UNEs or
21 interconnect with a network, right?

22 A. Yes, sir.

1 Q. What if the Commission decides that it
2 wants to declare a sub-loop and that sub-loop runs --
3 is copper running from the RT back to the customer
4 premises? That's a possibility, right?

5 A. Well, that would be different from the
6 interpretation that the FCC gave that a copper
7 sub-loop has to have a point of access at each end.

8 Q. We will get to the point of access, but
9 just the run from the premises to the RT on copper,
10 that could be a sub-loop, right?

11 A. Let me ask you, do you mean also
12 including the wiring that goes through the back plain
13 of the NGDLC or remote terminal all the way to the
14 connector where the card gets plugged in; is that what
15 you are talking about?

16 Q. Why not? That could be a sub-loop,
17 right?

18 A. Well, if this Commission has performed a
19 necessary and impair standard to establish that that
20 is an unbundled sub-loop, then I suppose it could do
21 that, again, I suppose, subject to whatever appeal SBC
22 thinks might be necessary.

1 Q. What if the Commission also defined the
2 second sub-loop to go from where the card plugs in
3 through the DLC across the fiber and back to the OCD
4 port? Could it do that?

5 A. Yes, but my answer would be the same as I
6 just --

7 Q. Okay, fair enough. And if it defined
8 those two sub-loops, couldn't Rhythms access those
9 sub-loop blocks by plugging in an ADLU card?

10 A. If those sub-loops are defined that way,
11 yes, they could access them with that card.

12 Q. Thank you. You also take issue at page
13 24 with CLEC ownership of these cards; is that right?

14 A. Actually, I thought our previous
15 conversation was also dealing with CLEC ownership as
16 well.

17 Q. It could be virtual collocation, right,
18 where we sell it to you for a dollar and you own it?

19 A. I suppose if it were determined, subject
20 to appeal, that it were collocation equipment, I guess
21 it could be virtual collocation.

22 Q. Or it could be physical and we own it,

1 right?

2 A. Yes, sir.

3 Q. You don't like that either?

4 A. We just don't think it's appropriate or
5 reasonable or beneficial for the industry for all the
6 CLECs, all the individual CLECs, to own those cards.

7 Q. And you say that the ADLU card is not
8 necessary on page 24, line 15, to access UNEs, don't
9 you?

10 A. Well, understand our disagreement on
11 what's a UNE. In other words, given that basic
12 disagreement, yes, it's not necessary to access those
13 UNEs or it's not necessary to access UNEs that are
14 available today because it physically can't.

15 Q. If the Commission defined the two
16 sub-loopings, as I just asked you to assume with me,
17 it would be necessary to access those, wouldn't it?

18 A. Under your hypothetical situation where
19 all the appropriate and necessary and impair analyses
20 were performed and sustained under any potential
21 appeals, yes.

22 Q. Boy, there sure are a lot of appeals that

1 will be coming here. You are very careful to preserve
2 -- you should be a lawyer.

3 A. That's what my wife says, too.

4 Q. I grant you you have the right to appeal;
5 you don't have to say that every time.

6 A. Okay, just assume that I have said it
7 each time.

8 Q. It will be shorter that way. Well, what
9 if you wanted to say, okay, all right, all right, I
10 will own the card and I will give you a UNE, the two
11 sub-loopings but I will own the card. Do you think
12 that you should be able to charge us whatever you want
13 to for that card?

14 A. I believe we have already committed that
15 the Project Pronto architecture would be made
16 available to CLECs based on UNE pricing or TELRIC
17 pricing. So I don't think we would be charging
18 whatever we want to for that card. It would be
19 whatever the study would show.

20 Q. All right. But if we own the car, we
21 control how much we pay for it, right, since we are
22 buying it from the vendor?

1 A. Well, under that hypothetical, yes, it
2 would be whatever purchase arrangement you have with
3 that vendor.

4 Q. And what if you want to use the kind of a
5 card that Alcatel supports and sells it to us, but we
6 don't want you to use it for AADS? If we had the
7 right to put our own card in there, we could use it,
8 right?

9 MR. BINNIG: I am going to object to the
10 phrasing of the question. I don't think there has
11 been any establishment that Ameritech Illinois decides
12 what AADS -- what it wants to use for AADS.

13 MR. BOWEN: I don't think I said that. I
14 will rephrase it.

15 Q. What if we want to buy a card from
16 Alcatel that they sell and support but that AADS does
17 not want to use? That would be okay, right, as long
18 as Alcatel supports it?

19 A. If it does not cause any detriment to the
20 capacity of our platform or the quality of the service
21 provided to other CLEC's end users, including perhaps
22 your own.

1 Q. Okay. Fair enough. We have been through
2 that discussion already. Okay, page 25. You had one
3 more problem with our owning the cards. It might
4 somehow exhaust the capacity of the slots?

5 A. Yes, sir.

6 Q. The ADLU card you are talking about has
7 four line appearances per card, right?

8 A. It will.

9 Q. It has two right now?

10 A. Two now, correct.

11 Q. Four soon?

12 A. We hope.

13 Q. How many appearances on a regular old
14 POTS card.

15 A. I am thinking it's eight, but it might be
16 four now, eight later. I can't remember for sure.

17 Q. Well, what you are saying here is, well,
18 gee, if we own the card and we put it in, there could
19 be like 75 percent of capacity not used, right?

20 A. If a CLEC has only one customer to a
21 particular SAI, because a given card cannot serve
22 multiple SAIs because its pre-wired from the back of

1 the RT out to a given SAI, if a CLEC has only one
2 customer in that SAI, if we are talking about the four
3 port card, then yes, three of those ports could
4 potentially go unused for a very long time.

5 Q. But isn't this really an issue of the
6 last card that the CLEC puts in? For example, if the
7 CLEC has 14 customers -- lawyer math approaching -- it
8 has 14 customers and the card has the capacity of
9 four, that's three cards plus two ports on the last
10 card, right?

11 A. Yes, sir, that's correct.

12 Q. And if a CLEC has 30 customers, that's
13 seven cards and the last card has only two out of four
14 used; is that right?

15 A. Yes, sir, but if there are ten CLECs out
16 there that have some unused port capacity on their
17 last card -- and, of course, as I said, these
18 individual cards go to different SAIs and if there are
19 different types of cards, if you have an ADSL card
20 port some days and an XYZ card that has four ports,
21 there is just the potential for a lot of unused ports.

22 Q. But it's the last card issued that we are

1 talking about here, right?

2 A. The last card --

3 Q. When will the last card be fully occupied
4 by that CLEC?

5 A. By that CLEC to that SAI in that type of
6 card.

7 Q. Okay, fair enough.

8 EXAMINER WOODS: Isn't the same thing true
9 for Ameritech, encouraging Project Pronto?

10 THE WITNESS: Yes, it's true. But with more
11 CLECs you potentially get many more slots that are
12 unused.

13 EXAMINER WOODS: The same thing happens with
14 Ameritech.

15 THE WITNESS: To a lot lesser quantity
16 degree, though, is what our position is, Your Honor.

17 MR. BOWEN:

18 Q. Okay. Next problem, page 26. We have to
19 give you an inventory of cards to put in if we use a
20 virtual approach, okay.?

21 A. For maintenance purposes, yes.

22 Q. Okay. We will do it.

1 A. Oh, I'm sorry. Let me clarify your
2 question, if I may. Do you mean for actual service
3 provisioning or do you mean for maintenance spares or
4 which were you talking about?

5 Q. Both. If we want to use a virtual
6 collocation paradigm, we will say here is a bunch of
7 cards. Actually, they are all the same card. They
8 are Alcatel ADLU cards. You know, put them on your
9 trucks, roll around with them for maintenance spares,
10 take them out of the warehouse when you have got to do
11 another deployment job, we will keep you current.

12 A. Mr. Bowen, I guess the complexity I am
13 trying to express here is, if you have multiple CLECs
14 owning their cards, maybe not all CLECs want virtual
15 collocation, some may want physical. And when a card
16 goes, a working card goes bad, the technician just has
17 additional complexity in terms of trying to figure out
18 whose card it is, is it virtual, is it physical, do I
19 have that one on the truck, if not how do I get a hold
20 of one from their staging center or where ever their
21 warehouse is. It's additional complexity to the
22 process that need not exist if Ameritech Illinois owns

1 the cards.

2 Q. Well, life would be simpler if we soar
3 back to the monopoly of a single carrier, right? We
4 are in a multicarrier environment already.

5 A. Yes, but there is no sense in trying to
6 go out of our way to make a process more complex than
7 it has to be to work together in a multicarrier
8 environment.

9 Q. The next problem, page 27. We have to
10 report to the right taxing entity for property tax
11 purposes. Do you see that on page 27?

12 A. Yes, sir, I do.

13 Q. Okay. We will do that. Are we done with
14 that one?

15 A. Yes, sir.

16 Q. Page 28, after all those reasons you are
17 asked would there be any other consequences if we were
18 to own those line cards. Do you see that question?

19 A. Yes, I do.

20 Q. And what you are saying here is, well, we
21 have to re-evaluate a whole bunch of stuff. We had
22 this discussion once about, if the FCC didn't approve

1 your waiver request, you would re-evaluate the entire
2 Pronto deployment. Do you remember that discussion we
3 had?

4 A. No, sir, I don't. I remember you showing
5 me the Accessible Letter for the Broadband Service.
6 And what I explained to you was that the way we
7 defined and described that Broadband Service, that it
8 would have to be redone and/or re-evaluated if the FCC
9 did not allow us to own that equipment. That's what
10 we talked about before.

11 Q. Well, do you see the sentence on page 24
12 or line 24 and 25 that says, "and could delay or
13 eliminate the continued deployment of Project Pronto
14 in Illinois"?

15 A. Based on the economics, SBC has to
16 evaluate what that would mean in terms of costs to
17 SBC. SBC decided to deploy Project Pronto and that
18 was based on an economic evaluation. And if those
19 costs materially change, that could alter the course
20 of Project Pronto. If the cost were not materially
21 changed -- all I am saying is we just have to
22 re-evaluate it. This is a basic business decision

1 just like Rhythms itself would do if it were in this
2 type of situation.

3 Q. When you were asking the FCC for a
4 waiver, didn't you threaten to take your ball and go
5 home if you didn't get what you were asking for?

6 MR. BINNIG: Again, I will object to the
7 characterization.

8 MR. BOWEN: I will re-phrase.

9 Q. Didn't you threaten to shut down Project
10 Pronto if the FCC didn't grant your waiver request?

11 A. No, sir. I think we said we would have
12 to re-evaluate. This whole deployment was an economic
13 decision, not a -- I don't know, not a --

14 EXAMINER WOODS: Humanitarian?

15 A. Yes, thank you. It was not a
16 humanitarian effort. My mental thesaurus is gone for
17 the day.

18 Q. Aren't you doing the same thing here?
19 Aren't you threatening to take your balls and go home
20 if we own the cards?

21 MR. BINNIG: I object.

22 MR. BOWEN: I will re-phrase.

1 Q. Aren't you trying to say, if we own the
2 cards, you might even eliminate the Project Pronto?

3 A. I guess I am trying to say that we would
4 have to evaluate the economics to see if that had any
5 impact on the continued --

6 Q. You wouldn't shut down Project Pronto,
7 would you?

8 A. We don't want to.

9 Q. Okay. Let's talk about virtual paths on
10 page 31. These are different than the term virtual
11 circuits; is that right?

12 A. That's correct.

13 Q. The path is a fatter pipe, more bandwidth
14 and you can derive PVCs within?

15 A. Yes, sir. I liken it in the circuit
16 switch world to a trunk group.

17 Q. And now CLECs want PVPs, right? They
18 told you that -- not you, they told SBC that, right?

19 A. They have told SBC that; they have told
20 lots of people that.

21 Q. So you knew about that?

22 A. Yes, sir, I did.

1 Q. You knew about that request from your
2 customers?

3 A. And we are looking at that, as we speak.

4 Q. If SBC had PVPs, they could manage their
5 own PVPs within that, right?

6 A. Again, it's a capacity issue. It's just
7 like CBR quality of service. If the CLECs can obtain
8 their own PVPs within which to manage their own end
9 user over subscription, or whatever, with their DSL
10 services, again it's going to be a function of how can
11 we do this. And this is what we are trying to
12 establish right now, is how can we do this in terms of
13 the capacity we have got on the system. Does it
14 require us to use more fibers as we discussed before
15 with CBR. Are there any downside impacts on other
16 customers that are served by that shared capacity that
17 is there today. It's the same issues, Mr. Bowen.

18 Q. Fair enough. But I'm not clear about
19 what process -- if we tell you we want it, you can't
20 tell how we are going to get it. What's your
21 proposal? You say you are thinking about it; how long
22 do you have to think?

1 A. There is collaborative types of efforts
2 that we have committed to in the FCC docket that
3 became part of their order and conditions for approval
4 for us to own that equipment. We will be using those
5 collaborative sessions, the first of which by the way
6 is, the industry collaborative, is October 24 in
7 Dallas.

8 Q. That's a Tuesday, right?

9 A. Yes, it is. But there are other things
10 that we have already begun to look at is, such as CBR
11 and PVP and G.Lite and some of those types of things
12 that are more currently available from Alcatel.

13 Q. Well, you mentioned that and you attached
14 that Alcatel letter to the back of, what was it,
15 rebuttal testimony?

16 A. Yes, sir.

17 Q. What is that?

18 MR. BINNIG: JPL-2.

19 Q. Could you pick that up?

20 A. Yes, sir, I have it.

21 Q. SBC didn't ghost write this letter, did
22 they?

1 A. I don't think it did.

2 Q. Would you turn to the back of it and look
3 at Number 2? Do you see the second sentence that's --
4 I will read it for the record. "Current development
5 plans include the addition of G.Lite DMT, TDM-based
6 HDSL2, ATM-based HDSL2, and G.sHDSL." Do you see
7 that?

8 A. Yes, I do.

9 Q. Now, once Alcatel makes those available,
10 will Rhythms be able to use all of those other flavors
11 of DSL on the Litespan platform?

12 A. Just based on the conditions that I have
13 described in terms of capacity and impact on service
14 to other customers that are using that shared
15 facility.

16 Q. Okay. When you talk about the
17 collaborative process on page 34, do you see that, and
18 you reference that in your previous answer, page 34,
19 line 9, rebuttal, do you see that?

20 A. Yes, I do.

21 Q. And that's the 24th in Dallas?

22 A. That's the first of the industry

1 collaborative sessions. There are two other types of
2 collaborative opportunities for CLECs as well. There
3 is one that's been going on already which addresses
4 process issues and those right now, I think, are
5 monthly meetings with the CLEC community. And then a
6 CLEC can actually come to SBC one-on-one and request a
7 feature or functionality. And this is all described
8 in the FCC's Project Pronto order.

9 Q. Are you referring to the -- when you say
10 the ones we have right now, the so-called plans of
11 record collaboratives?

12 A. No, sir.

13 Q. Other collaboratives than that?

14 A. Well, again, just to make sure that I was
15 clear, there is the industry-wide collaborative which
16 is Ameritech and then other SBC ILECs and our
17 laboratories and so forth, and CLECs, and the vendors,
18 you know, the manufacturers, those will be quarterly.
19 The first of those is October 24. There is
20 collaboratives for Project Pronto that have been going
21 on for a couple of months that get more into process,
22 specific process issues, related to ordering and so

1 forth. And then the third opportunity that a CLEC has
2 which is also described in the FCC's Project Pronto
3 order because it was part of the SBC commitments, is a
4 one-on-one opportunity. A single CLEC can come to SBC
5 or to Ameritech, in this instance, and say I would
6 like to use this capability of the system.

7 Q. Okay. Well, I appreciate that you would
8 offer these collaboratives, but pardon me for being a
9 little bit cynical. I want to know if there is any
10 way that Rhythms can make SBC offer the kind of
11 functionalities on the Alcatel letter or the kind of
12 functionalities that they reference if you weren't
13 willing to voluntarily agree to that under your
14 proposal.

15 A. I don't think it would be right for
16 Rhythms to be able to make us do something, because
17 that doesn't sound very collaborative. I guess to be
18 kind of blunt, we don't regard a collaborative session
19 as an automatic fulfillment of a wish list. We think
20 of it as a trying to work together to see with the
21 vendors even how can this equipment be modified or
22 adapted or utilized in such a way to make it as

1 feature rich as we can for all the players, for all
2 the data CLECs to utilize. But, again, we don't want
3 to make it a mandate situation because we think that
4 could cause harm to the service of other users on the
5 shared facility or effect the capacity of our
6 investment.

7 Q. Okay. But if Project Pronto was
8 available as UNEs, Rhythms could make you give us what
9 we ask for if we could convince the Illinois
10 Commission or the other Commission to do that, right?

11 A. You mean as a separate UNE, a different
12 flavor of DSL?

13 Q. Yes, yes, and yes.

14 A. I suppose if there were a necessary and
15 impair analysis performed that approved that that
16 qualified as an unbundled network element under the
17 Act, then I suppose subject to the things I am not
18 going to talk about, but I suppose that could happen.

19 MR. BOWEN: That's all I have. Thank you
20 very much. Thank you, Your Honor.

21 EXAMINER WOODS: Okay. Let's break. Off the
22 record.

1 (Whereupon there was then had
2 an off-the-record
3 discussion.)

4 EXAMINER WOODS: Back on the record. This
5 cause is continued to October 17 at 10:00 a.m.

6 (Whereupon the hearing in this
7 matter was continued until
8 October 17, 2000, at 10:00
9 a.m. in Springfield,
10 Illinois.)
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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
CASE NO.: 00-0393
3 TITLE: ILLINOIS BELL TELEPHONE COMPANY, d/b/a
AMERITECH ILLINOIS
4

CERTIFICATE OF REPORTER

5 We, Cheryl A. Davis and Carla J. Boehl, do hereby
6 certify that we are court reporters contracted by
7 Sullivan Reporting Company of Chicago, Illinois; that
8 we reported in shorthand the evidence taken and
9 proceedings had on the hearing on the above-entitled
10 case on the 16th day of October 2000; that the
11 foregoing pages are a true and correct transcript of
12 our shorthand notes so taken as aforesaid and contain
13 all of the proceedings directed by the Commission or
14 other persons authorized by it to conduct the said
15 hearing to be so stenographically reported.

16 Dated at Springfield, Illinois, on this 17th day
17 of October, A.D., 2000.

18

19

20 Certified Shorthand Reporter

21

22